



# भारत का राजपत्र

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इस भाग में विभिन्न प्रकार संख्या वाली है जिससे कि यह असम संकलन के क्षम में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation

## भाग III—संख्या 4

## PART III—SECTION 4

विविध विज्ञापनों द्वारा जारी की जाने वाली विविध अधिसूचनाएँ, विवेद, विवापन और सूचनाएँ इन्दिरित हैं।

Miscellaneous Notifications including Notifications, Orders, Advertisements and *edicts* issued by Statutory Bodies

डाक व तार विभाग

डाक-तार महानिदेशक का कार्यालय

सूचना

नई दिल्ली, दिनांक 19 सितम्बर 1966

सं. 25/4/65-एल० आई०—श्री स० क० पांडे की क्रमांक 49043-पी० तथा दिनांक 4-6-51 को 10,000 रुपए की जो कि 1-11-63 से 3959 रुपये के लिए पेंड-अप कराई गई थी, डाक

जीवन बीमा पालिसी विभाग के संरक्षण से गुम हो गई है। यह सूचित किया जाता है कि उक्त पालिसी का भुगतान रोक दिया गया है। उपनिदेशक डाक-जीवन बीमा, कलकत्ता को बीमेवार के नाम पालिसी की दूसरी प्रति जारी करने के अधिकार दे दिये गए हैं। जनता को चेतावनी दी जाती है कि भूल पालिसी के संबंध में कोई लेनदेन न करें।

एस० श्रीनिवासन  
निदेशक, डाक जीवन बीमा

## STATE BANK OF INDIA

## NOTICE

New Delhi, the 16th September 1966

No. Staff-9/1405.—The following appointment on the Bank's staff is hereby notified:—

Shri Har Bhushan Lall, Staff Officer, Grade III, held temporary but complete charge of Rampur (H.P.) Branch with effect from the close of business on the 16th July, 1966, to the close of business on the 10th August, 1966, vice Shri H. C. Shukla, Sub-Accountant.

V. G. MAHADEVAN  
Secretary & Treasurer.

Bombay, the 22nd September 1966

No. Staff/023300.—The following appointments on the Bank's Staff are hereby notified:—

Shri N. A. Krishnan to be Agent, Sanvordem-Curchorem Branch, as from the close of business on the 4th July, 1966, vice Shri H. Ramachandra.

Shri U. G. Kamat to be Agent, Margao Branch, as from the close of business on the 29th August, 1966, vice Shri Prem Prakash.

Shri S. N. Sawaikar to be Agent, Sanvordem-Curchorem Branch as from the close of business on the 6th September, 1966, vice Shri N. A. Krishnan.

R. K. TALWAR  
Secretary & Treasurer

## INDUSTRIAL DEVELOPMENT BANK OF INDIA

## Report of the

Board of Directors for the year ended June 30, 1966, submitted to the Reserve Bank of India in terms of Section 23(5), and to the Central Government and the Reserve Bank of India in terms of Section 18(5) of the Industrial Development Bank of

India Act, 1964  
AUGUST 1966

AS ON JUNE 30, 1966

## BOARD OF DIRECTORS

Shri P. C. BHATTACHARYYA (Chairman)  
Dr. B. K. MADAN (Vice-Chairman)  
Shri M. R. BHIDE  
Shri B. N. ADARKAR  
Shri R. G. SARAIYA  
Shri B. N. MOOKERJEE  
RAJA BAJRANG BAHADUR SINGH  
Shri V. S. TYAGARAJA MUDALIAR  
PROF. C. N. VAKIL  
Shri N. A. PALKHIVALA  
Shri P. L. TANDON  
Shri ARVIND N. MAFATLAL  
Shri G. BASU  
Dr. TRIGUNA SEN  
Shri C. P. N. SINGH  
PROF. M. MUJEEB

Shri K. SREENIVASAN  
Shri M. SUDARSHANAM  
Shri S. BHOOHALINGAM

## PRINCIPAL OFFICERS

*General Manager* : Shri S. L. N. SIMHA  
*Deputy General Manager* : Shri P. K. DASGUPTA  
*Legal Adviser* : Shri B. N. MEHTA  
*Special Technical Consultant* : Shri C. R. RAO

*Managers* :

*Appraisal* : Shri A. N. VIJ  
Shri D. SHARMA

*Operations* : Shri B. N. MALHOTRA

*Refinance* : Shri N. K. SEAL

*Economic and Planning* : Shri Y. S. KEDARE

*Administration and Board* : Shri N. H. DOTIWALA

*Technical* : Shri C. M. R. RAO

## LETTER OF TRANSMITTAL

Industrial Development  
Bank of India,  
Bombay.

September 7, 1966  
Bhadra 16, 1888 (Saka)

The Governor,  
Reserve Bank of India,  
Central Office,  
Bombay.

Dear Sir,

In accordance with the provisions of Sections 23(5) and 18(5) of the Industrial Development Bank of India Act, 1964, I forward herewith the following documents :—

- (1) A copy each of the Annual Accounts of the General Fund and the Development Assistance Fund of the Industrial Development Bank of India for the year ended June 30, 1966; and
- (2) a copy of the Report of the Board on the working of the Development Bank, including that of the Development Assistance Fund, during the year ended June 30, 1966.

Yours faithfully,  
B. K. MADAN  
Vice-Chairman

## LETTER OF TRANSMITTAL

Industrial Development  
Bank of India,  
Bombay.

September 7, 1966  
Bhadra 16, 1888 (Saka)

The Secretary to the Government of India,  
Ministry of Finance,  
Department of Economic Affairs,  
New Delhi.

Dear Sir,

In accordance with the provisions of Section 18(5) of the Industrial Development Bank of India Act, 1964, I forward herewith the following documents :—

- (1) A copy of the Annual Accounts of the Development Assistance Fund for the year ended June 30, 1966; and
- (2) a copy of the Report on the working of the Development Assistance Fund, which forms part of the Report of the Board on the working of Development Bank during the year ended June 30, 1966.

Yours faithfully,  
B. K. MADAN  
Vice-Chairman

## Report of the Board of Directors of the Industrial Development Bank of India

For the Year July 1, 1965—June 30, 1966

## I. Outline of the Bank

## Purposes, Functions and Resources

The Industrial Development Bank of India (IDBI), a wholly-owned subsidiary of the Reserve Bank of India, was established on July 1, 1964, in terms of the Industrial Development Bank of India Act. This Report, which is submitted by the Bank under Section 18(5) and 23(5) of the Act, covers the second year of its operations, from July 1, 1965 to June 30, 1966. In the first Report, the purposes, constitution and resources of the IDBI were outlined; it may be useful briefly to recapitulate them.

2. The IDBI was set up as part of a reorganised and integrated structure of industrial financing institutions in the country, geared to the needs of rapid industrialisation. The main object was to bring into existence an apex institution to co-ordinate the activities of other financial institutions, including banks, providing term-finance to industry, as well as to provide direct financial assistance to industrial units to bridge the gap between the supply of and demand for medium and long-term finance. The IDBI is also designed to function as a developmental agency, with special responsibility to fill the lacunae in the industrial structure and to develop certain vital and strategic sectors like fertilisers, alloy and special steels and petro-chemicals.

3. The Statute empowers the IDBI to conduct various types of financial operations, including grant of direct loans, subscribing to, purchasing or underwriting of issues of shares and debentures, guaranteeing deferred payments due from industrial concerns to third parties and loans raised by them in the capital market or from financial institutions, refinancing of loans given by financial institutions, subscribing to their shares and bonds as well as guaranteeing their underwriting obligations, rediscounting of commercial bills/promissory notes etc. As regards direct lending, there are no statutory restrictions on the nature and type of security that may be accepted from industrial concerns, nor are any maximum or minimum limits prescribed, either for assistance to a concern or for the size of the concern itself. In practice, owing to the decision to complement the activities of other financing institutions, the Bank plays a larger role for direct financial assistance. In comparatively bigger projects, though for indirect financial assistance through other financing agencies, refinance applications for smaller amounts of Rs. 1 lakh and above are entertained. The Bank has been empowered to finance all types of industrial concerns engaged in the manufacture or processing of goods, mining, transport, generation and distribution of power etc. both in the public and private sectors, though for the present, having regard to the scheme of allocation of funds to it, the Bank has restricted itself to financing of largely private sector enterprises. The Bank may also undertake promotional activities such as marketing and investment research and surveys as well as techno-economic studies, besides giving technical and administrative assistance to industrial enterprises for promotion, management or expansion.

4. The management of the Bank is vested in a Board of Directors, which is the same as the Central Board of Directors of the Reserve Bank. The Board has constituted an Executive Committee of 7 members, including the Chairman and the Vice-Chairman, to discharge some of its functions.

5. The resources of the Bank comprise the General Fund and the Development Assistance Fund (DAF). The DAF is a special fund set up under the Statute, and is intended for use to assist, with the prior approval of the Central Government, projects which are of strategic importance to the economy but involve more than ordinary risk in financing owing to low profit yield or unduly long gestation period or inadequate security. The Fund's resources comprise mainly loans from the Central Government.

6. The authorised capital of the Bank is Rs. 50 crores which may be raised by the Reserve Bank to Rs. 100 crores, with Government approval. The issued capital, fully-paid up, is at present Rs. 10 crores; arrangements are being made to raise it by Rs. 10 crores in view of the increase in borrowings for financing the expanded scale of operations. The Bank may borrow from the

Central Government from time to time on such terms as may be agreed upon. It received a long-term interest-free loan of Rs. 10 crores from the Central Government on the date of its establishment and has since borrowed further amounts. The Bank may have recourse to loans from the Reserve Bank for periods upto 90 days against trustee securities and upto 5 years on the security of *bona fide* commercial bills or promissory notes, and may also borrow on a long-term basis from the National Industrial Credit (Long Term Operations) Fund, set up by the Reserve Bank, among other things, for granting loans to the IDBI for purchase of shares and bonds of financial institutions. Besides, the Bank may issue bonds with or without Government guarantee, and accept deposits from the public for periods of not less than 12 months on terms approved by the Reserve Bank. It may also acquire resources by borrowing from other sources, with Government approval, including amounts in foreign currencies from banks or financial institutions in foreign countries.

7. The IDBI commenced active operations from its inception on July 1, 1964 and the progress of its operations since then is outlined in subsequent sections of this Report.

## II. The Economic Context

8. The IDBI's second year of operations (July 1965—June 1966) was one of exceptional difficulty for the economy. In 1965-66, for various reasons, the performance in several sectors of the economy was below the mark. The failure of the monsoon over wide areas in the country led to a sharp fall in agricultural output. The Indo-Pakistan conflict entailed a scaling-up of defence outlay and was followed by a period of intensified pressure on the balance of payments with the 'pause' in foreign aid, which interrupted the flow of imports of essential raw materials and components needed for fuller utilisation of industrial capacity. The rate of increase of industrial output started declining from the second quarter of the year, and for the financial year 1965-66 (April-March) total industrial production recorded a rise of only 3.8 per cent, as against an annual rate of increase of 7.5 per cent during the first four years of the Third Plan. Among important industries, the output of iron and steel showed a rise of 3 per cent during the year, of coal 9 per cent and of cement 10 per cent. As against this, there were declines in output of cotton textiles (2 per cent) and woollen textiles (17 per cent). The pace of expansion of exports also slowed down. These adverse trends in production and exports were associated with a continuing sharp upward trend in prices and formed the background for new policy measures; the most noteworthy among these was the devaluation of the rupee on June 6, 1966.

9. The capital market, which had been in a state of quiescence since the declaration of the Emergency in 1962, remained, on the whole, sluggish, though a spate of bonus issues followed the budget, and this led to a small improvement in the climate for new issues. Share prices initially declined to new low levels towards the end of 1965, but with the turn of the year, there was a brisk revival. The all-India index of variable dividend industrial securities (*base* : 1961-62=100), which had declined to 80.9 at the end June 1965, dropped further to 71.5 by mid-December 1965, after which it recovered to the earlier level of 80.9 at the end of June 1966. Though there was no net change in prices over the year, some of the leading scrips recorded sizeable net increases. The easiness up to mid-December 1965 was attributable, among other factors, to the difficult foreign exchange situation and the drought, and was accentuated by the hostilities with Pakistan, which necessitated a supplementary budget containing proposals for additional taxation of Rs. 100 crores. The stoppage of foreign aid flow also contributed to the easiness. Subsequently, however, sentiment was favourably influenced by the Tashkent pact with Pakistan which heralded the return of peace and possible resumption of economic normalcy. The removal, in the 1966-67 budget, of certain taxes like the capital gains tax on bonus shares and the bonus issue tax which were operating as 'psychological irritants', and the modification of the equity dividend tax payable by companies further helped the return of confidence in the market.

10. As in the preceding year, the sluggishness in the capital market continued to affect the climate for new issues, with the flow of invisible funds remaining on the whole restricted, although, in the post-budget period, there were some signs of improvement. The statistics of aggregate capital issues do not adequately reflect the continued stalemate in the new issues market during the greater part of the year, but the composition of securities floated as well as the large devolvement on financial institutions of the issues under-written by them were indicative of the difficulty experienced by companies in raising funds in the open market. Although capital raised during 1965 was somewhat higher than in the previous year, the public response continued to be, on the whole, unsatisfactory. The tendency, noticed earlier, on the part of companies to raise an increasingly large proportion of capital in the form of debentures and preference shares rather than risk capital, continued to persist, and institutional funds, in large measure derived from Government, were greatly in demand for supporting several new issues. In view of the investors' poor response, the financial institutions have had to take up large portions of the share issues in fulfilment of their underwriting obligations, as in the preceding year.

11. In this context, Government took various measures to stimulate industrial production and to improve the climate for private investment and industrial growth; these may be outlined briefly. The budget for 1966-67 laid emphasis on measures to enhance output and to promote savings by improving the psychological climate and to channel savings into priority sectors. The list of priority industries for the purpose of development rebate was extended to include three more industries, *viz.*, the manufacture of tea, newsprint and printing machinery. A concessional rate of tax of 25 per cent was levied in respect of dividends, royalties, commissions, fees etc. received by an Indian company from a foreign company in consideration of technical services rendered or the supply of technical 'know-how'. The removal of the tax on bonus issues and on notional capital gains arising from bonus issues as well as softening of the rigours of the dividend tax were directed towards reviving the capital market and increasing the flow of private savings to industry. These changes have provided an opportunity to companies with large reserves to issue bonus shares and expand their capital base in turn would reduce the burden of the dividend tax.

12. Alongside the fiscal measures, the Government continued to pursue its policy of liberalising controls on industry, wherever practicable, so as to remove the impediments in the process of industrial growth. In January 1964, a process of simplification and streamlining of licensing procedures was initiated, in accordance with the recommendations of the Industries Development Procedures Committee. The classification of industries into 'key' industries and the issue of industrial licences in two stages—the issue of a Letter of Intent as a preliminary to the issue at a later stage of a formal licence—were intended to cut down procedural delays and to facilitate the speedy setting up of new units. During 1965-66, certain new measures aimed at liberalising the industrial licensing policy were adopted by Government. An important measure of relaxation was the exemption of all industrial undertakings having fixed assets not exceeding Rs. 25 lakhs in value from the licensing provisions of the Industries (Development and Regulation) Act, 1951. This was followed by relaxation of the licensing provisions relating to the manufacture of "new articles" and "substantial expansion" of capacity by existing industrial undertakings; diversification of production to include new articles with existing plant and machinery, and expansion of capacity, could be undertaken by existing units without reference to the licensing authority, if no additional foreign exchange was required, subject to the approval of the Directorate General of Technical Development. Some changes were also made in the licensing procedures with regard to foreign collaboration; thus, industrial units, whether new or embarking on expansion, which entail foreign capital participation and/or technical collaboration could in future directly approach the Ministry concerned. Another important measure was the lifting of price control on pig iron and certain categories of imported steel, and price and distribution controls on cement.

13. In May 1966, the Government exempted, as an experimental measure, industrial undertakings engaged in eleven\* industries from the licensing provisions of the

\*The number has since been increased to 16; these industries include iron and steel castings and forgings; iron and steel structures; electric motors (not exceeding 10 horse power); pulp, woodpulp, mechanical, chemical including dissolving pulp; power alcohol; solvent extracted oils; glue and gelatin; glass—other than hollow-ware; fire bricks; cement and gypsum products; timber products; paper and pulp; seamless tubes and pipes; ball and roller bearings (above 2" bore) and axle-box bearings; and cryolite.

Industries (Development and Regulation) Act, 1951. The exemption is primarily intended to provide encouragement to the speedy setting up of further capacities in priority sectors not involving substantial import of components and raw materials. A significant change was also made during the year in Government's policy in regard to the fertilised industry, with a view to stepping up indigenous production of fertilisers. All fertiliser plants licensed upto the end of March 1967 will have, for a period of 7 years from the start of commercial production, the freedom to organise their own distribution and to fix prices of their products, subject to the condition that Government will have the option to buy upto 30 per cent of their output at a negotiated price. Further, Government have also allowed to foreign collaborators *majority* participation in setting up fertiliser units in the *private* sector.

14. The devaluation of the rupee by 36.5 per cent. effective June 6, 1966, will have some far-reaching effects on the Indian economy in general and industrial projects in particular. It will result in higher capital as well as operating costs because of the increased cost of imports of capital goods, raw materials, spares etc. The interest and amortization charges in respect of foreign loans would also be substantially higher and alter the cash-flow and profitability of companies. However, there is some scope for reducing the impact of devaluation through some readjustment in the projects under implementation by postponing or abandoning inessential investment. Following the devaluation, the Government have liberalised imports of raw materials and components for 59 priority industries so as to enable them to work to full capacity. The liberalisation measures have an export accent too. The devaluation will undoubtedly provide a stimulus to projects which envisage import substitution and export promotion. A stimulus to domestic machine-building industry would be the most important element in import substitution and will call for a diversion of resources to such industries. Emphasis will also have to be placed on import substitution of raw materials and components. In the export sector, there will have to be a substantial enlargement of production, with considerable emphasis on the cost factor. Industry will have to face the new challenge, posed by devaluation, through a vigorous drive for import substitution and export promotion. In this context, the role of management and technology assumes great importance. The situation calls for maximum effort on the part of entrepreneurs in mobilising resources in the private sector for investment in essential industries, and increased attention by term-financing institutions in

directing their limited resources to these sectors. The financial institutions will have to meet at least a part of the increased capital cost, consequent on devaluation, of the projects assisted by them. In the mobilisation of resources, the significant role of the capital market has also to be recognised. Recently, the removal of impediments to bonus issues has helped to instil a new air of optimism in the capital market. In this context, the need to restore normalcy and health to the capital market for mobilising private savings for investment in industry can hardly be over-emphasised. The success of devaluation, in itself a measure aimed at correcting fundamental disequilibrium in the country's external payments and international price relationship, will be conditioned by the extent to which these basic objectives consistently influence the turn of economic, including fiscal and monetary, policies. Given responsive readjustment in various sectors, the needed resilience in economic policy and administration and a reasonable rate of flow of foreign assistance on easy terms, the economy should resume a buoyant course of development in a more realistic frame of expectation and achievement.

### III. Operations of the Industrial Development Bank

15. We may turn now to a detailed review of the operations of the Bank during the year 1965-66 (July-June) and the progress made by the Bank during the two years of its working, both as an apex financing institution supplementing the resources of other term-financing institutions and as a source of direct financial assistance to industrial units in various forms. The operations in the last year as compared with the year before are summarised in Table 1.

#### Overall position

16. During 1965-66, both the number of applications and the magnitude of assistance sanctioned by the Bank recorded a substantial rise. The number of applications\* for assistance sanctioned in the form of refinance, direct loans, underwriting of shares and debentures, subscriptions to shares and bonds of financial institutions and rediscounting of bills increased from 170 to 244 and total assistance sanctioned from Rs. 50.5 crores to Rs. 70.1 crores. Direct loans more than doubled as compared to the previous year, but the increase in the underwriting of shares was modest. There was a sharp increase in the amount of guarantee assistance sanctioned. As regards refinance, the amount sanctioned recorded a small decline. Subscriptions to shares and bonds of financial institutions were also smaller than in the previous year.

\*Relates to the number of institutions in the case of subscriptions to shares and bonds and rediscounting of bills.

TABLE 1—ASSISTANCE SANCTIONED AND DISBURSED BY THE IDBI DURING THE TWO YEARS  
1965-66 AND 1964-65 (JULY-JUNE)

	Assistance sanctioned		Assistance disbursed		Total since inception of IDBI in July 1964	Outstanding commitments at the end of June 1966†	Assistance outstanding as on June 30, 1966	(In crores of rupees)
	1965-66	1964-65	1965-66	1964-65				
					Sanctioned	Disbursed		
1. Refinance .. .. .. ..	23.0 (21.8)	25.1 (21.9)	22.3	21.2	48.1 (43.7)	43.4	11.5‡	63.9‡
2. Direct loans to industrial units .. ..	35.6 (35.6)	16.2 (16.1)	19.9	—	51.8 (51.7)	19.9	31.9	19.9
3. Underwriting of shares, debentures etc. .. ..	7.6 (7.5)	6.9 (6.6)	5.3	0.4	14.5 (14.1)	5.8	7.7	5.8
4. Subscriptions to shares and bonds of financial institutions* .. ..	1.7 (1.7)	2.2 (2.2)	1.7	2.2	3.8 (3.8)	3.8	—	3.8
5. Rediscounting of bills** .. ..	2.2 (2.2)	0.1 (0.1)	2.2	0.1	2.3 (2.3)	2.3	—	2.3
Total of 1 to 5 .. .. .. ..	70.1 (68.8)	50.5 (46.9)	51.4	23.9	12.5 (115.6)	75.2	51.1	95.7
6. Guarantees for loans and deferred payments@ .. .. .. ..	18.6 (15.9)	7.0 (7.0)	—	—	25.6 (22.9)	—	22.9	—

Note :—Figures within brackets indicate net effective sanctions i.e. gross sanctions minus sanctions which have lapsed.

† Effective sanctions minus disbursements and shares and debentures taken up by the public in the case of underwriting.

‡ Including outstanding refinance assistance sanctioned by the Refinance Corporation for Industry up to the end of August 1964.

\* Excluding purchase of shares of the IFC.

\*\* In the case of rediscounts, assistance disbursed has been taken as assistance sanctioned.

@ At the post-devaluation exchange rate.

17. There was an even more marked stepping up in the *disbursal* of assistance including rediscounis, this more than doubling from Rs. 23.9 crores in 1964-65 to Rs. 51.4 crores in 1965-66. The increase was mainly accounted for by substantial disbursements under loans and underwriting assistance. Assistance outstanding at the end of the year stood at Rs. 95.7 crores and outstanding commitments (i.e. effective sanctions *minus* disbursements and, in the case of underwriting, shares and debentures taken up by the public) at Rs. 51.1 crores; besides, guarantees accounted for Rs. 22.9 crores.

### 1. Assistance to other Financial Institutions

#### Refinance

18. The IDBI's assistance to other financial institutions covers such activities as refinancing of loans given by institutions specified in the Statute and those subsequently notified by the Central Government, subscribing to their shares and bonds as well as guaranteeing their underwriting obligations in connection with the share and bond issues of industrial concerns. The IDBI can provide refinance in respect of term loans to industrial concerns given by the Industrial Finance Corporation of India (IFC), the State Financial Corporations (SFCs) including the Madras Industrial Investment Corporation Ltd. (MIIC), other financial institutions notified\* by Government as well as eligible scheduled banks and State co-operative banks. As provided for in the Act, the IDBI took over the business of the Refinance Corporation for Industry Ltd. (RCI) on September 1, 1964 and has since been operating all the three schemes which the RCI worked, *viz.*, (i) scheme for refinancing of industrial loans, (ii) scheme for refinancing of export credits and (iii) the Government of India's scheme for guarantee of advances made by specified financial institutions to the coal industry in the private sector. The main features

of these schemes were outlined in some detail in the Report for 1964-65; their working during 1965-66 is reviewed in the following paragraphs.

#### (i) Scheme for refinancing of industrial loans:

19. The refinancing facilities under the scheme were extended during the year to two more State co-operative banks (*viz.*, Mysore State Co-operative Apex Bank Ltd. and the Gujarat State Co-operative Bank Ltd.), bringing the total number of eligible institutions to 84, comprising 59 scheduled banks, 8 State co-operative banks, 15 State Financial Corporations (including MIIC), the IFC and the ICICI (*vide* Appendix I). The IFC and the ICICI do not avail themselves of the refinance facilities. Prior to November 1965, the industries covered under the scheme were those listed for development in the Five-Year Plans or those which served the purposes of the Plans. However, the question of industrial priorities was reviewed by the IDBI during the year, and in considering demands for financial assistance by way of refinance (as well as direct assistance) the Bank now gives preferential treatment to defence-oriented, import-saving and export-oriented industries, industries producing essential consumer goods with an assured base in domestic raw materials, industries which provide a basis for agricultural development and further industrialisation, and projects which are in an advanced stage and which require only residual finance (*vide* para 33). The IDBI normally provides refinance upto 80 per cent of the eligible loans, with a maximum of Rs. 1 crore (outstanding). Effective March 5, 1965, the lending rate for refinance of industrial loans is 6½ per cent.

20. The Bank's operations under the scheme for refinancing of industrial loans during 1965-66 are set out in Table 2 (see also Annexure I).

\*The Industrial Credit and Investment Corporation of India Ltd. (ICICI) has been notified so far.

TABLE 2—REFINANCING OF INDUSTRIAL LOANS

(In crores of rupees)

	1965-66 (July-June)		1964-65 (July-June)		Since inception of RCI in 1958 up to June 30, 1966	
	No.	Amount	No.	Amount	No.	Amount
1. Applications received	..	..	252	42.9	227	36.8
2. Applications sanctioned†	..	..	182	22.2	124	24.6
3. Refinance disbursed ..	..	..	..	21.4	..	21.2
4. Amount repaid ..	..	..	..	8.2	..	5.5
5. Amount outstanding (end of period)	..	..	..	63.4	..	50.2
6. Undisbursed sanctions (end of period)	..	..	..	11.5	..	12.8

(1) Figures in this table relate to refinancing of industrial loans only and do not include those relating to refinancing of export credits.

(2) Figures for 1964-65 include operations of the RCI for the first two months.

† Gross sanctions.

During 1965-66, there was an increase both in the number of applications for refinance received and in the quantum of refinance sought, reflecting mainly the greater resort to refinance by State Financial Corporations. Though the number of applications sanctioned during the year recorded a marked rise over the previous years, the amount sanctioned declined slightly; the decline occurred under refinance sanctioned to commercial and State co-operative banks (*vide* Table 3). The decline in refinance sanctioned was attributable to the policy pursued by the Bank of limiting sanctions of proposals to those which fell within the priority sectors of the economy as well as of diverting relatively large applications to direct lending by the IDBI in participation with banks so as

to mitigate the risks of large medium-term loans for commercial banks. Disbursal of refinance assistance, on the other hand, increased marginally. At the same time repayments were substantially higher than in 1964-65. The outstanding refinance assistance at the end of June 1966 stood at Rs. 63.4 crores as compared to Rs. 50.2 crores at the end of June 1965. Since the inception of the RCI in June 1958, refinance sanctioned amounted to Rs. 105.9 crores and disbursements to Rs. 82.0 crores.

21. Table 3 shows the institution-wise breakdown of the IDBI's refinancing of industrial loans in 1965-66 as compared to 1964-65.

TABLE 3—INSTITUTION-WISE BREAK-DOWN OF INDUSTRIAL LOANS REFINANCED

(In crores of rupees)

	1965-66 (July-June)		1964-65 (July-June)		Since the inception of RCI in 1958 upto June 30, 1966		
	Amount sanctioned	Amount disbursed	Amount sanctioned	Amount disbursed	Amount sanctioned	Amount disbursed	Amount outstanding
1. Commercial Banks ..	15.5	14.4	20.5	18.2	84.6	64.2	48.5
2. State Co-operative Banks ..	(69.7)	(67.1)	(83.2)	(85.7)	(79.9)	(78.3)	(76.5)
3. State Financial Corporations ..	2.0	2.8	0.6	5.0	4.6	3.6	3.7
	(—)	(9.4)	(11.4)	(2.8)	(4.7)	(5.5)	(5.7)
	6.7	5.0	1.3	2.4	16.3	13.2	11.3
	(30.3)	(23.5)	(5.4)	(11.5)	(15.4)	(16.2)	(17.8)
	22.2	21.4	24.6	21.2	105.9	82.0	63.4

(1) See footnotes to Table 2.

(2) Figures in brackets are percentages to total.

The data for 1965-66 reveal a marked decrease in the share in refinance of commercial banks from 83.2 per cent in 1964-65 to 69.7 per cent, and of State co-operative banks from 11.4 per cent to nil. As against this, the share of the State Financial Corporations (SFCs) rose from 5.4 per cent to 30.3 per cent; some State Financial Corporations, which had hitherto not availed of the facility, approached the IDBI during the year under review. Of the outstanding amount of Rs. 63.4 crores at the end of June 1966, commercial banks accounted for 76.5 per cent, the State Financial Corporations for 17.8 per cent and the State co-operative banks for 5.7 per cent the corresponding percentages at the end of June 1965 being 81.7 per cent, 14.4 per cent and 3.9 per cent.

22. The industries assisted through refinance covered a wide range, including textiles, coal mining, paper and paper products, rubber products, glass and glass products, basic metal industries, surgical dressings, basic industrial chemicals, manufacture of machinery, hotels etc. (vide Annexure III). Among these, the textile industry continued to avail of a sizeable portion of the assistance sanctioned, to meet the requirements of expansion and modernization, and accounted for 30.6 per cent as against 42.5 per cent in 1964-65. The share in refinance assistance of chemicals and chemical products also declined from 20.6 per cent to 10.8 per cent, but as against this, the share of basic metal industries increased from 3.9 per cent to 9.5 per cent.

*Size-wise and period-wise classification of industrial loans*

23. Table 4 indicates the size-wise classification of industrial loans refinanced during 1965-66. Out of 182 applications sanctioned for Rs. 22.2 crores, 133 applications for Rs. 15.7 crores were for amounts in the middle range of Rs. 5 lakhs-Rs. 25 lakhs each, and 37 applications for Rs. 1.3 crores for amounts of less than Rs. 5 lakhs each. Thus, of the total refinance sanctioned, Rs. 17 crores or 76 per cent was in respect of applications below Rs. 25 lakhs. The number of applications in large amounts exceeding Rs. 50 lakhs was only 2, involving an aggregate amount of Rs. 1.9 crores, and represented 8.7 per cent of the total refinance sanctioned.

24. A comparison of the size classification of refinance sanctioned during 1965-66 with that for 1964-65 reveals that though there was an increase in the number of applications sanctioned, the amount sanctioned showed a

decline, the average size of applications refinanced falling from Rs. 20 lakhs to Rs. 12 lakhs. There was an increase in the amount sanctioned in respect of applications for smaller amounts and a decline in the assistance sanctioned in respect of applications for larger amounts. Thus, whereas the amount sanctioned in respect of applications for amounts below Rs. 25 lakhs increased from Rs. 9.4 crores in 1964-65 to Rs. 17.0 crores in 1965-66, those for amounts of Rs. 25 lakhs and above declined from Rs. 15.2 crores to Rs. 5.2 crores.

25. A period-wise analysis of refinance sanctioned to industrial units during 1965-66 shows that nearly 75 per cent of the amount sanctioned was for periods ranging between 5 and 10 years as compared to 70 per cent in 1964-65. Sanctions for periods of 10 years and above accounted for 18 per cent and those for periods below 5 years for only 7 per cent, the corresponding percentages for 1964-65 being 19 per cent and 11 per cent.

(ii) *Scheme for refinancing of medium export credits*:

26. The Bank continued to provide refinance facilities to eligible banks against medium-term export credits granted to exporters in the private sector, who are manufacturers, recognised export houses or other exporters of standing. Export credits to be eligible for refinance should normally be for periods exceeding six months but less than five years. The facility is ordinarily available for export of capital or engineering goods (vide Appendix II). The scheme provides for refinancing of pre-shipment credit also where it is combined with post-shipment credit. The total number of banks eligible under the scheme stood at 35 as at the end of June 1966. (These banks have been marked with an asterisk in Appendix I). Refinance for export credits is provided at a concessional rate of interest, which remained unchanged at 4½ per cent, provided the banks charge to the borrower not more than 6 per cent; the rate charged is 5 per cent in other cases. During 1965-66, three applications for Rs. 82 lakhs were sanctioned, but subsequently the amount was reduced to Rs. 68 lakhs at the request of the eligible institutions. This brings the total number of applications sanctioned to 5 and the amount of effective sanctions to Rs. 96 lakhs. The amount disbursed during the year was Rs. 89 lakhs, the amount of refinance outstanding at the end of June 1966 being Rs. 51 lakhs.

TABLE 4—SIZE-WISE AND PERIOD-WISE DISTRIBUTION OF REFINANCE ASSISTANCE (INDUSTRIAL LOANS) SANCTIONED† DURING 1965-66 AND 1964-65

(In lakhs of rupees)

	1965-66					1964-65					Total
	Less than 5 years	5 years and above but less than 7 years	7 years and above but less than 10 years	10 years and above	Total	Less than 5 years	5 years and above but less than 7 years	7 years and above but less than 10 years	10 years and above		
Less than Rs. 5 lakhs	16.0 (4)	28.4 (7)	39.8 (12)	43.3 (14)	127.5 (37)	7.0 (2)	24.3 (6)	12.3 (4)	6.4 (2)	50.0 (14)	
Rs. 5 lakhs above but less than Rs. 10 lakhs	26.0 (3)	229.0 (27)	195.2 (24)	120.7 (12)	570.9 (66)	11.1 (2)	160.1 (24)	53.0 (7)	49.5 (7)	273.7 (40)	
Rs. 10 lakhs and above but less than Rs. 25 lakhs	48.0 (3)	275.9 (18)	439.8 (29)	234.4 (17)	992.1 (67)	13.9 (1)	267.7 (16)	274.8 (16)	61.4 (5)	617.8 (38)	
Rs. 25 lakhs and above but less than Rs. 50 lakhs	58.4 (2)	205.2 (6)	66.0 (2)	—	329.6 (10)	28.0 (1)	203.0 (6)	194.0 (5)	270.0 (8)	695.0 (20)	
Rs. 50 lakhs and above but less than Rs. 100 lakhs	—	52.0 (1)	—	—	52.0 (1)	—	330.0 (6)	100.0 (2)	80.0 (1)	510.0 (9)	
Rs. 100 lakhs and above	—	—	140.0 (1)	—	140.0 (1)	200.0 (2)	112.6 (1)	—	—	312.0 (3)	
	148.4 (12)	790.5 (39)	880.8 (68)	398.4 (43)	2218.1 (182)	260.0 (8)	1097.1 (59)	634.1 (34)	467.3 (23)	2458.5 (124)	

(iii) *Scheme for the guarantee of advances to private sector coal industry*:

27. Under the scheme, which was introduced by the Government of India in April 1963, the IDBI, designated as the "Guaranteed Organisation", guarantees rupees advances made by banks to private sector collieries for utilisation of the World Bank loan of \$35 million, with a view to providing an incentive for a free flow of insti-

tutional finance by affording a degree of protection to lending institutions against possible losses. Any loss under the scheme is to be shared between the lending institutions and the Government in the ratio of 35:65. An annual charge at 4 per cent on the advance sanctioned is levied by the IDBI for providing the guarantee cover. The institutions eligible for availing of guarantee facilities include credit institutions as listed in Appendix III.

28. The Table below brings out the operation of the scheme during 1965-66 as well as since the inception of

the scheme.

TABLE 5—GUARANTEE OF ADVANCES TO PRIVATE SECTOR COAL INDUSTRY

(In lakhs of rupees)

	1965-66 (July-June)		1964-65 (July-June)		Since inception in April 1963 upto June 30, 1966	
	No.	Rs.	No.	Rs.	No.	Rs.
No. of credit institutions in favour of which guarantees were issued†	11		11		11	
1. Applications received .....	9	51.9	18	141.7	56	549.3
2. Guarantees issued .....	11	58.4	11	43.3	49	389.4
3. Applications withdrawn or returned to financial institutions .....	—	—	4	64.0	6	118.0
4. Applications pending consideration .....	1	3.1	3	17.1	1	3.1
5. Guarantees treated as cancelled .....	2	40.0	2	42.0	4	82.0
6. Guarantees expired (fresh guarantees issued included in item 2)	6	25.0	6	29.3	12	54.3

During 1965-66, the IDBI issued 11 guarantees for Rs. 58 lakhs. In all 49 guarantees for Rs. 3.9 crores have been issued so far. During the year, a sum of Rs. 1.91 lakhs was received as guarantee fees from the financial institutions, of which Rs. 1.88 lakhs represented fees in respect of guarantees issued upto the end of June 1966, which are transferable to Government. After deducting Rs. 0.22 lakh representing the actual expenditure incurred and recoverable by the IDBI for administering the scheme, the balance of Rs. 1.66 lakhs was paid to Government.

*Subscriptions to shares and bonds of other financial institutions*

29. Apart from providing refinance to other financial institutions, the IDBI, as an apex institution, has also been vested with the responsibility of strengthening the resources position of the term-financing institutions through subscriptions to their share capital and bond issues to help expand and diversify their activities. During 1965-66, the contributions by the IDBI to the shares and bonds of the State Financial Corporations declined somewhat from Rs. 2.2 crores in 1964-65 to Rs. 1.7 crores, reflecting the deliberate curb on assistance which entailed borrowing from the Reserve Bank, in view of the special need for restraint during the emergency which led to a cut in the borrowing programmes of the State Financial Corporations.

30. In addition to Rs. 25 lakhs subscribed during 1964-65, the IDBI contributed a further amount of Rs. 25 lakhs to the share capital of the Madras Industrial Investment Corporation Ltd. during the year under review. The Bank has thus contributed an aggregate amount of Rs. 50 lakhs against equivalent contribution by the State Government towards an increase in share capital by the MIIC in the two years of Rs. 1.03 crores to Rs. 2.35 crores. In addition, the Bank has also provided a further amount of Rs. 25 lakhs in 1966-67 against a matching contribution from the State Government. During the year, the Maharashtra State Financial Corporation raised its share capital from Rs. 1 crore to Rs. 1.5 crores, to which the IDBI subscribed Rs. 15 lakhs. The Bank also extended support to the bond issues made by State Financial Corporations; during the year, the Bank took up bonds of the face value of Rs. 1.3 crores out of the bond issues for Rs. 4.5 crores made during the year by the Maharashtra, Uttar Pradesh, Madhya Pradesh, Orissa and Gujarat State Financial Corporations. This brings the total amount of subscriptions made by the IDBI since its inception to shares and bond issues of SFCs to Rs. 3.8 crores. These operations were financed out of borrowings from the National Industrial Credit (Long Term Operations) Fund established for the purpose by the Reserve Bank of India. Besides, the Bank acquired, in 1964-65, shares of the Industrial Finance Corporation of the face value of Rs. 2.8 crores held by the Union Government and the Reserve Bank, and also took up additional shares for Rs. 1.3 crores; thus, the IDBI holds 50 per cent of the share capital of the IFC.

**2. DIRECT ASSISTANCE**

31. Direct financial assistance to industrial concerns by the IDBI covers assistance in the form of loans, underwriting of and direct subscriptions to shares and debentures, guaranteeing of loans and deferred payments, and rediscounting of usance bills/promissory notes arising out of sales of indigenous machinery on deferred payment basis. It also includes assistance sanctioned under the scheme for participation in industrial loans and guarantees. The Bank's approach in regard to the provision of direct financial assistance, as outlined in the last Report, has been governed by its apex character, its vantage position for assisting the financing of industry in participation

with other financial institutions, and the special responsibility vested in it to fill the gaps in the industrial structure and to develop certain vital and strategic sectors of industry. As a lender of last resort, the Bank has endeavoured not only to fill in the gaps that remain after taking into account the assistance provided by other institutions, but also to take the lead in the appraisal of projects and in arranging for the necessary quantum of institutional finance. Its direct financing operations have accordingly been largely undertaken in participation with other institutions, particularly the IFC, the ICICI and the LIC. The Bank maintains close working relationships with other institutions in the appraisal and consideration of applications, especially in cases where the amount of loan/underwriting assistance required is large and beyond the normal range of assistance provided by other institutions. In this context, special mention may be made of the monthly Inter-Institutional meetings of the senior executives of the IDBI, the IFC, the ICICI and the LIC. The first Inter-Institutional meeting was held in September 1965 and in all nine meetings were held during the year under review. At these meetings, which are informal in character, in addition to the consideration of many specific projects, several general issues of common interest were also discussed. Although these meetings are primarily intended to enable speedy consideration of applications for joint assistance, they also assist in devising procedures for quicker disbursal of the assistance sanctioned. Through these meetings, it has been possible for the Bank to fulfil, to an extent, its role as an agency for co-ordinating the activities of all term-financing institutions.

*Operational Policies*

32. The IDBI broadly functions within the general framework of Government's policies and programmes of industrialisation under the Five Year Plans. It directs the flow of funds to enterprises and projects which are in accord with Plan priorities. A special responsibility vests in the IDBI to ensure that the limited funds available for channelling through the term-financing institutions are put to the best possible use. The IDBI has, therefore, to concentrate attention on areas where institutional assistance would be most productive. Under the circumstances, the operations of the IDBI have necessarily to be selective in character, directed especially towards the building up of efficient units in priority sectors. Emphasis has, therefore, come to be placed on areas like fertilisers, petro-chemicals, alloy steels, machine tools, cement etc. Withal, the IDBI's approach has to be pragmatic and flexible, having regard to the varying needs of the different industries and regions. It is also the endeavour of the IDBI to see that the other term-financing institutions are reasonably well-supplied with funds in appropriate form for their operations.

33. During the first year of its operations, the assistance provided by the IDBI, particularly in the form of underwriting, was diffused over a number of relatively small projects. In view of the number of large applications flowing into the Bank from industries of high priority, and the special responsibility vested in it to develop its specialised fields of lending in new sophisticated sectors of industry, a shift in policy was considered desirable. Accordingly, the Bank's policies with regard to grant of financial assistance to industrial units both directly as well as through refinance operations were reviewed in October 1965, in the light of experience in the first year of its working, and more importantly in the context of the declaration of emergency following the out-break of Indo-Pakistan hostilities. Certain broad guidelines were worked out regarding the operational strategy including the question of industrial priorities, with a view to providing general guidelines for IDBI's operation. Thus, it was considered desirable that assistance to the large number of small projects may be arranged more adequately

† Figures indicate the position as at the end of the period.

by other institutions whose resources could be augmented by the IDBI by contribution to their share capital and bonds and/or by extension of refinancing facilities. This would enable the IDBI to have more effective assessment and supervision of the large-sized projects, which in any case, cannot come to fruition without its assistance. However, the IDBI would continue to give special consideration to small projects promoted by technician-entrepreneurs. In regard to refinancing of term loans granted by banks and other eligible credit institutions, it was considered desirable to adopt a selective approach and make closer scrutiny of applications from the point of view of eligibility. In considering direct financial assistance as also refinancing of loans given by banks and financial institutions, the IDBI would give preferential treatment generally to defence-oriented, import-saving and export-oriented industries, industries producing essential consumer goods and those providing a basis for agricultural development as well as industrialisation. These policy decisions were communicated to financial institutions and banks in November 1965.

34. The devaluation of the rupee in June 1966 poses new problems and indicates the need for some re-drawing of and readjustment in priorities. More than ever, emphasis will now have to be placed on industries with a significant element of import substitution and export promotion. The immediate problem is one of finding additional resources to meet the increase in import costs arising from devaluation. While the financial institutions would extend additional assistance to individual projects on merits, a part of the resources would have to come from the promoters themselves through readjustment of their operations. Some reduction in project cost may also be achieved by readaptations in the project itself, e.g.,

by postponing such import of machinery or domestic investment as is not immediately necessary. The financial institutions may also have to adopt temporarily a somewhat more flexible attitude towards observance of the usual norms in the matter of the debt-equity ratio, margins on loans etc. The institutions will also have to consider directing their limited resources to enhancement of industrial output rather than augmentation of industrial capacity, especially in those industries where there is likelihood of under-utilisation of installed capacity. Attention will also have to be focussed on the setting up of 'optimum' sized units, especially in industries like cement, paper etc. In this connection, it becomes necessary to draw a line of demarcation between large-scale and medium and small-scale industries as a balancing factor in the industrial structure. The latter category of industries, engaged in light consumer goods with less import content, would be advantageous to the economy and also serve the ends of economic development.

#### Overall position

35. During 1965-66, the IDBI received 76 applications from 60 industrial concerns for direct financial assistance amounting to Rs. 68.8 crores, of which it sanctioned\* financial assistance on 49 applications in respect of 38 industrial concerns for Rs. 59.0 crores, involving 23 loan operations 22 underwriting arrangements and 4 guarantees. This assistance is inclusive of the loan assistance sanctioned to a fertiliser project (viz., the Coromandel Fertilisers Ltd.) for Rs. 7.0 crores, which is proposed to be provided out of the Development Assistance Fund, subject to the approval of the Central Government. The details of direct financial assistance sanctioned during 1965-66 are given in Table 6. A list of the industrial units to which the IDBI sanctioned assistance during the year is given in Annexure II.

TABLE 6—DETAILS OF DIRECT ASSISTANCE SANCTIONED, JULY 1965—JUNE 1966

(In crores of rupees)

Type of Assistance		No. of projects	Amount of Assistance			Total
			Loan	Underwriting	Guarantees	
1. Loan Underwriting and Guarantee**	..	..	..	1	1.4	1.8
2. Loan and Underwriting	..	..	..	7	11.1	4.7
3. Loan and Guarantee**	..	..	..	2	2.0	—
4. Loan	..	..	..	13	21.1	—
5. Underwriting	..	..	..	14	—	2.4
6. Guarantee	..	..	..	1	—	2.6
<b>TOTAL</b>		<b>38</b>	<b>35.6</b>	<b>7.5</b>	<b>15.9</b>	<b>59.0</b>

*Note* : The data relate to effective sanctions and include assistance from the Development Assistance Fund (DAF).

\*\* Figures of guarantee are at the post-devaluation exchange rate.

36. Unlike in the previous year when the direct assistance sanctioned (exclusive of assistance from the DAF) was largely in the form of underwriting of share capital, the bulk of the direct assistance sanctioned by the IDBI during the year was in the form of loans. However, assistance in the form of underwriting also increased somewhat during the year, in the context of the continued sluggishness in the capital market.

37. The aggregate capital cost<sup>§</sup> of the projects for which direct financial assistance was sanctioned by the IDBI during the year (exclusive of the Coromandel Fertilisers Ltd. to which assistance is proposed to be given from the DAF) amounted to Rs. 268.7 crores. Of this, the total assistance sanctioned by the IDBI (excluding guarantees) amounted to Rs. 36.1 crores; this represented 13.5 per cent of the project cost, whereas for 1964-65 the corresponding figures was 10.2 per cent. Part of the assistance sanctioned was for financing the payment of additional import duty occasioned by increases in import duty in February and August 1965. The IDBI's share of assistance in the capital cost of individual projects varied from 1.8 per cent to 69.8 per cent. The contribution of the promoters and foreign collaborators to the project cost was mostly in the range of 15.30 per cent. It exceeded 20 per cent in respect of 11 units and only in three cases it was below 15 per cent. In most cases, the contribution of the promoters and foreign collaborators to total project cost has been significant and substantially higher than that of the IDBI. The IDBI has generally insisted on a sizeable share of the project cost coming from the promoters and foreign collaborators, with a view to ensuring adequate stake of the promoters in the success of the project and to keeping to a minimum resort to term-financing institutions.

38. The size of the individual projects for which assistance was sanctioned showed considerable divergence, the capital cost varying from Rs. 36 lakhs to Rs. 81 crores. As in the preceding year, there was predominance of medium-sized projects among the projects assisted. Of the 38 projects to which assistance was sanctioned, the capital cost was below Rs. 3 crores in the case of 19 projects. The size of assistance sanctioned to individual companies also showed wide variation, ranging from Rs. 4 lakhs to Rs. 10.2 crores.

#### Loans

39. During 1965-66, the IDBI sanctioned†† 23 loans for an aggregate amount of Rs. 35.6 crores. Of these, 3 large-sized loans sanctioned to three major projects (viz. National Organic Chemical Industries Ltd., Associated Cement Companies Ltd. and Coromandel Fertilisers Ltd.) accounted for Rs. 19.5 crores or 55 per cent. Seven loans, each ranging between Rs. 1 crore and Rs. 3 crores, accounted for about Rs. 10 crores or 28 per cent. The remaining 13 loans for Rs. 6.1 crores or 17 per cent were for amounts below Rs. 1 crore each. The size-wise classification of loans bring out the role of the IDBI in sanctioning large-sized loans, which are normally beyond the range of operations of any single term-financing institution. As regards the maturity period of loans, the period in respect of 15 loans involving an amount of Rs. 23.6 crores is still to be decided in consultation with the other participating financial institutions. Of the remaining 8 loans for Rs. 12.0 crores, 3 loans for Rs. 7.4 crores were for 10 years and above, 2 loans for Rs. 1.6 crores were for 7-10 years, and 3 loans for Rs. 3.0 crores were for periods below 7 years. In 1964-65, the period of loans was 10 years and above in respect of 5 out of the 7 loans sanctioned.

\* Relates to effective sanctions i.e. gross sanctions minus sanctions which have lapsed.

† An application from a company seeking more than one type of assistance has been treated as more than one application.

§ At the pre-devaluation exchange rate.

†† Includes the capital cost of a project which was sanctioned assistance, but which subsequently lapsed.

‡ Effective sanctions.

40. The lending rate of the IDBI continued to be 8 per cent, with a penalty charges of 1 per cent for default. In addition, a commitment charge of 1 per cent is also levied on the undrawn amount of the loan from the date of coming into force of the loan documents; where the period of drawal extends to more than 18 months from the date of coming into force of the loan documents, the charge may be reduced to 1 per cent for the period exceeding 12 months.

41. Of the 23 loans for Rs. 35.6 crores sanctioned during the year, an amount of Rs. 8.2 crores in respect of 6 loans was disbursed, by way of *interim* disbursements, against execution of loan agreements and/or bank guarantees, pending finalisation of mortgage deeds and other legal documents. Recourse was made to interim disbursements in order to expedite the implementation of the projects, pending the creation of a legal charge on the immovable property of the borrowing company, which takes time as it involves several legal formalities like investigation of titles, drawing up of the mortgage deed etc. During 1964-65, no disbursements had been made in respect of the loans sanctioned. Disbursements made during the year under review in respect of loans sanctioned in the previous year aggregated Rs. 11.7 crores, out of the total disbursal of loan assistance, during 1965-66, of Rs. 19.9 crores.

#### Underwriting

42. Underwriting continued to constitute an important element of the IDBI's operations during 1965-66. Of the 49 applications for direct financial assistance sanctioned, 22 applications were in respect of underwriting assistance. The total amount sanctioned was Rs. 7.5 crores, comprising Rs. 5.4 crores of ordinary shares, Rs. 84 lakhs of preference shares and Rs. 1.3 crores of debentures and convertible notes. In 1964-65, 27 applications for underwriting assistance totalling Rs. 6.6 crores were sanctioned and covered ordinary shares for Rs. 4.9 crores and preference shares for Rs. 1.7 crores. The total proposed capital issue by the 22 companies assisted by the IDBI during the year amounted to Rs. 39.1 crores, of which Rs. 18.6 crores or 47.5 per cent was to be contributed by the promoters and foreign collaborators. The share capital proposed to be offered for public subscriptions totalled Rs. 20.5 crores, of which Rs. 7.5 crores or 36.7 per cent was underwritten by the IDBI. The details of the share capital of these companies in the aggregate, the contribution of the promoters and the underwriting commitments of the IDBI are indicated in Table 7. Data on loans etc. in respect of projects which were sanctioned underwriting assistance by the IDBI are also shown alongside.

TABLE 7—DETAILS REGARDING PROJECTS WHICH WERE SANCTIONED UNDERWRITING ASSISTANCE BY THE IDBI, TOGETHER WITH LOAN ASSISTANCE SANCTIONED TO THESE PROJECTS

(July 1965—June 1966)

(In crores of rupees)

	Share Capital				Loans etc. **	
	Ordinary	Preference	Debentures and convertible notes	Total		
1. Total share capital proposed to be issued .. ..	10.8	4.0	4.3	39.1	1. Total .. ..	58.9
2. Contribution by promoters and foreign collaborators .. ..	17.7	0.9	—	18.6	2. Contribution in loans by promoters and foreign collaborators .. ..	13.0
3. Share capital proposed to be offered for subscriptions to the public* .. ..	13.0	3.2	4.3	20.5	3. Loans from term-financing institutions and others* .. ..	45.9
4. Amount underwritten by the IDBI .. ..	5.4	0.8	1.3	7.5	4. Loans sanctioned by the IDBI .. ..	12.5

\*\* This comprises predominantly loans, though other items like cash accruals, deposits etc. have been included in some cases.

\* No precise data are available but provisional figures show that the share in underwriting of term-financing institutions was roughly Rs. 18 crores and in loans Rs. 32 crores.

43. The total underwriting commitment of the IDBI constituted 19.3 per cent of the total capital issue and 36.7 per cent of the total public issue (*i.e.* excluding the contribution of promoters and foreign collaborators). As much as 71.7 per cent of the underwriting support extended by the IDBI was in respect of equity capital, while preference shares accounted for only 11.1 per cent, the balance of 17.2 per cent being in respect of debentures and convertible notes. The IDBI's share of underwriting in individual projects ranged between 5 per cent and 36 per cent of the total capital issue. As a percentage of the respective public issues, the IDBI's assistance ranged between 12 per cent and 59 per cent. It was more than 50 per cent in only one case, between 30 and 50 per cent in 12 cases, between 15 and 30 per cent in 8 cases and below 15 per cent in one case.

44. The absolute size of the IDBI's assistance by way of underwriting of shares and debentures ranged between Rs. 2 lakhs and Rs. 270 lakhs. Of the 22 operations, 9 were for amounts of less than Rs. 10 lakhs, 4 for amounts ranging between Rs. 10 lakhs and Rs. 25 lakhs,

5 for amounts ranging between Rs. 25 lakhs and Rs. 50 lakhs and 4 for amounts of Rs. 50 lakhs and above. Thus, the IDBI's underwriting assistance was distributed over a large number of relatively small projects.

45. The IDBI's underwriting operations during the year were mostly in participation with the IFC, the ICICI and the LIC. Out of the 22 projects in respect of which the IDBI assumed underwriting commitments, each of the above-mentioned institutions participated in 16 projects. The SFCs also extended underwriting support in the case of 5 of the projects. The combined share of these institutions was roughly 24 per cent of the total capital issue and 47 per cent of the public issue. Besides, State Industrial Development Corporations (SIDCs) participated in two projects to the extent of Rs. 25 lakhs, and the Unit Trust of India (UTI) in 2 projects to the extent of Rs. 50 lakhs.

46. Table 8 shows the data regarding IDBI's underwriting operations, operations completed, amounts which devolved on the IDBI etc. for the two years 1964-65 and 1965-66.

TABLE 8—UNDERWRITING ASSISTANCE OF THE IDBI\*

(In crores of rupees)

	1965-66				1964-65		
	Ordinary shares	Preference shares	Debentures & convertible notes	Total	Ordinary shares	Preference shares	Total
Amount underwritten by the IDBI	5.4‡	0.8	1.3	7.5 (22)	4.9	1.7	6.6 (27)
Of which, amount of underwriting assistance to companies which entered the market†	3.6	0.3	1.3	5.2 (13)	2.5	0.8	3.3 (23)
Amount devolving on the IDBI	3.2	0.3	1.3	4.8 (13)	2.4	0.8	3.1 (23)
Amount paid so far	1.6**	0.2	1.3	3.1 (13)	2.1	0.6	2.7 (23)

Figures within brackets indicate the number of companies.

\* Figures are inclusive of assistance from the DAF.

† Data for 1964-65 include underwriting commitments in respect of companies to which assistance was sanctioned during that year but the public issue was made in 1965-66.

‡ Includes assistance of Rs. 43 lakhs in respect of which the distribution between equity and preference shares has not yet been decided.

\*\* Includes calls paid in advance.

## Industry-wise breakdown of direct assistance

47. An industry-wise analysis of direct financial assistance (*i.e.* loans, underwriting and rediscounts) sanctioned

ed and disbursed during 1965-66 and 1964-65 is given in the Table below:—

TABLE 9—INDUSTRY-WISE CLASSIFICATION OF DIRECT ASSISTANCE SANCTIONED AND DISBURSED DURING 1965-66 AND 1964-65\*

(In lakhs of rupees)

		Assistance		Sanctioned Assistance Disbursed	
		1965-66	1964-65	1965-66	1964-65
1. Textiles (including jute)	..	..	..	137 (3.0)	38 (1.7)
2. Paper and Paper products	..	..	..	140 (3.1)	103 (4.5)
3. Chemicals and Chemical products other than fertilisers	..	..	..	1573 (34.6)	242 (10.6)
4. Fertilisers	..	..	..	820 (18.1)	1668 (73.0)
5. Metal Mining including iron ore mining	..	..	..	132 (2.9)	— 1174
6. Cement	..	..	..	725 (16.0)	85 (3.7)
7. Iron and steel basic industries	..	..	..	219 (4.8)	21 (1.2)
8. Manufacture of Machinery except electrical machinery	..	..	..	354 (7.8)	67 (2.9)
9. Electrical Machinery	..	..	..	153 (3.4)	20 (0.9)
10. Manufacture of Metal products except machinery and transport equipment	..	..	..	258 (5.7)	16 (0.7)
11. Other industries	..	..	..	29 (0.6)	17 (0.8)
				4540 (100.0)	2284 (100.0)
				2747	52

Note:—Figures within brackets indicate percentages to the total. In the case of rediscounts, assistance disbursed has been taken as assistance sanctioned.

\* Figures are inclusive of assistance from the DAF.

The industry-wise analysis of the assistance given by the IDBI indicates that the projects assisted by the Bank during 1965-66 covered a wide range of industries. More than half the total assistance sanctioned during the year was accounted for by fertilisers and other chemicals; in 1964-65, this group had accounted for 84 per cent of the total assistance sanctioned. The cement industry, which received assistance on a priority basis during the year for financing its expansion programme, accounted for 16 per cent of the total sanctions, as compared to 4 per cent in the previous year. A detailed industry-wise analysis of refinance and direct assistance is given in Annexure III.

48. As regards disbursal of assistance, out of total disbursements of Rs. 27.5 crores during 1965-66, Rs. 21.7 crores were in respect of the chemical, fertiliser and cement industries.

## Assistance to Machinery Manufacturers—Scheme for rediscounting bills/promissory notes

49. Mention was made in the last year's Report of the introduction by the IDBI of the scheme for rediscounting usance bills/promissory notes arising out of sales of indigenous machinery on deferred payment basis, effective April 1, 1965. Under the scheme, bills/promissory notes, drawn in favour of the machinery manufacturers, are discounted with banks and other financial institutions approved by the IDBI, which, in turn, avail of rediscounting facilities from the IDBI. The scheme covers deferred payment arrangements for a minimum period of six months and a maximum period of five years. The minimum amount of a transaction covering a set of bills/promissory notes representing deferred payment sales is Rs. 1 lakh. The facilities under the scheme were initially extended to bills pertaining to cotton textiles, jute, silk and art silk, cement, sugar and paper machinery manufacturing industries.

50. The working of the scheme was reviewed during the year and some important modifications were made with the object of reducing the cost and enlarging the volume of credit available to this sector of industry. Firstly, bills/promissory notes arising out of sales of indigenous *agricultural implements* by machinery manufacturers on a deferred payment basis were brought under the purview of the scheme. Secondly, the facilities under the scheme were extended to design engineering concerns which have the machinery relating to approved industries manufactured according to their own specifications and designs under their supervision and sell it in their own names and with their own guarantees. Thirdly, with a view to alleviating the higher incidence of a uniform rediscount rate of 6½ per cent on bills of longer maturities, it was decided to rediscount bills with unexpired usance from 6 months upto 36 months at the rate of 6 per cent, and above 36 months and upto 60 months at 5½ per cent respectively, with effect from March 1, 1966. The revised rates are subject to the condition that the approved institutions themselves charged discount at not more than 2 per cent above the revised rediscount rates; in other cases the rediscount rate of 6½ per cent continues to be applicable. Fourthly, the list of eligible institutions under the scheme was also widened to include the IFC, all the SFCs and 8 State cooperative banks, bringing the total number of eligible institutions to 84 (vide Appendix I).

51. During 1965-66, the Bank sanctioned credit limits of Rs. 16.8 crores to 15 banks for the year ending September 1966, of which 7 banks availed themselves of the facility to the extent of Rs. 2.2 crores. The bills rediscounted during the year pertained mainly to cotton textiles machinery, reflecting the extent of reliance of the cotton textiles industry on this facility for purposes of modernisation and expansion.

#### *Scheme for participation in industrial loans and guarantees*

52. The IDBI has been providing assistance to financial institutions through refinance and rediscounting of bills and to industrial concerns direct in the form of loans, underwriting and guarantees. Under the refinancing scheme, primary lenders bear full risk in financing an industrial concern, while in the sphere of direct lending by the IDBI, there is already an element of participation of an *ad hoc* nature with other institutions. Considering the present phase of industrialisation of the country and the stage of development of banks' facilities for industrial finance and keeping in view its objectives, the IDBI decided to supplement its refinance operations with a measure of risk-sharing with other institutions on a systematic basis and introduced a participation scheme for this purpose, with effect from April 1, 1966. Such participation is operationally convenient to the IDBI, since banks with their net-work of branches and the State Financial Corporations together constitute a large complement of institutions through which the IDBI's assistance could be appropriately dispersed in various parts of the country and also effectively supervised. These institutions would, in turn, have the advantage of access to the facilities of expert appraisal of projects which the IDBI is building up. Participation arrangements with the Industrial Finance Corporation of India and the Industrial Credit and Investment Corporation of India, however, have some special aspects and they do not, therefore, fall wholly within the frame-work of this scheme. In relation to banks, in particular, the objective of the scheme is both to limit their scale of direct assistance to individual industrial units and to widen their area of assistance to larger sectors of the economy, in conformity with the requirements of industrial development and the need to minimise risk to banks.

53. The financial institutions covered under the scheme for participation are those scheduled banks, State cooperative banks and term-financing institutions which are eligible for refinancing facilities. Industries eligible under the scheme are those falling within priority sectors of the economy. The maximum extent to which the IDBI participates in a loan, with one or more financial institutions, is 75 per cent thereof, the normal extent of participation being lower, the degree of participation varying with the size of the loan, size and resources of the financing institution seeking participation, period of loan, nature of the industry to be assisted, location of the industry in relatively less-developed region, etc. In exceptional cases, the IDBI might consider participation upto 80 per cent. The IDBI is prepared to consider financing later maturities of loans allowing the other participating institutions to take up earlier maturities. Where the IDBI participates in lending, refinancing facilities are not normally, extended to the institutions in respect of the portion financed by them. Normally, loans for Rs. 25

lakhs and above in the case of State Financial Corporations and Rs. 50 lakhs and above in the case of banks and other financial institutions are eligible for participation. Interest in each case is charged at a rate which is fixed with due regard to (a) the lending rate of the IDBI for direct loans prevailing at the time of disbursal of the loan or instalments thereof, and (b) the lending rate of the other participating institution. The IDBI also participates with financial institutions in the issue of guarantees for loans, deferred payment arrangements, etc., the minimum amount of guarantees eligible for participation being Rs. 50 lakhs in respect of State Financial Corporations and Rs. 100 lakhs in respect of banks and other financial institutions.

54. Under the scheme, the IDBI sanctioned assistance aggregating Rs. 4.9 crores in respect of 4 units up to the end of June 1966. The extent of the IDBI's participation varied between 56 per cent and 80 per cent of the total assistance, the average working out to 70 per cent. At the end of June 1966, 4 applications for assistance were pending consideration.

#### IV. Development Assistance Fund

##### *Establishment of the Fund*

55. The Development Assistance Fund was established on March 27, 1965 in terms of a notification dated March 16, 1965, issued by the Government of India and an initial loan of Rs. 1 lakh was sanctioned by the Government to the IDBI for credit to the Fund. The Fund, which is maintained separately from the IDBI's General Fund, comprises amounts received by way of loans, gifts, grants, donations, etc. from the Central Government or any other source. The profits and losses arising out of the operations of the Fund are respectively credited or charged to the Fund. The Industrial Development Bank of India Act provides that such expenses arising out of or in connection with the administration and application of the Fund as may be determined by the IDBI's Board of Directors may be reimbursed to the Bank. Accordingly, the basis on which the Development Assistance Fund may annually reimburse the IDBI for expenses incurred in the course of administering the Fund was decided by the Board of Directors in consultation with the Central Government. Reimbursement will be made at the rate of 25 paise per Rs. 100 for the first Rs. 10 crores of assistance, 20 paise per Rs. 100 for the next Rs. 10 crores and 15 paise per Rs. 100 for the balance of assistance outstanding at the end of the accounting year, provided that the reimbursement will not exceed 25 per cent of the total administrative expenses of the IDBI, including expenditure arising out of or in connection with the administration of the DAF in the year to which the reimbursement relates.

##### *Criteria for use*

56. The statutory provisions relating to the use by the IDBI of the DAF for financial assistance to industrial concerns lay down: (i) that the IDBI shall satisfy itself that banking or other financial institutions or agencies are not likely to grant such loan or advance to the industrial concern or to enter into any such arrangement with or in relation to the industrial concern in the ordinary course of business, (ii) that before granting such assistance, the IDBI shall obtain the prior approval of the Central Government and (iii) that the Central Government before giving its approval shall satisfy itself that such assistance is necessary as a matter of priority in the interests of the industrial development of the country.

57. Some important policy considerations bearing on the resort to the DAF for financing industrial projects, based on the above-mentioned broad statutory provisions, which were set out in the last Report, may be recapitulated here. The provision that only such projects as are not likely to receive assistance from other institutions in their ordinary course of business may be financed from the DAF would not preclude cases in which banks and others also participate in the financing of a project, but provision of the bulk of the assistance by the IDBI is essential for implementing the scheme. In such cases, it would be desirable to use the DAF to supplement the resources provided by other agencies and possibly by the IDBI itself out of its regular funds. This will cover cases where the relevant consideration is the substantial magnitude of the assistance required. Apart from projects which require assistance to a magnitude which is unusually large in relation to the ordinary funds of financial institutions, other projects which may be financed by the IDBI out of the DAF instead of from its general resources would cover:

(i) projects which are potentially risky or low profit yielding or involve long gestation period, but which are of strategic importance to the economy, and would otherwise have claimed assistance directly from the Govern-

ment. The provision of assistance through the IDBI may ensure expert scrutiny of the project in conjunction with other institutions and expert follow-up work from stage to stage, and

(ii) projects covering the IDBI's statutory function in the spheres of planning, promoting and developing industries to fill up the gaps in the industrial structure where this involves enterprises which are unlikely to receive any or all the assistance they require from banks and other financial institutions in their ordinary course of business.

58. While these are broad considerations, the precise criteria for use of the Fund will have to be evolved over the years. Meanwhile, the decisions on the appropriateness of recourse to the DAF for the grant of assistance to industrial projects have to be taken on an *ad hoc* basis, in the initial stages.

#### Operations

59. In the year 1964-65, the IDBI had sanctioned assistance out of this Fund only to one project *viz.*, the Gujarat State Fertilisers Company Ltd. for Rs. 21.8 crores, comprising a loan of Rs. 14 crores, underwriting assistance of Rs. 2.7 crores and a deferred payment guarantee of Rs. 5.1 crores.\* The substantial size of the financial assistance required by the company in relation to the IDBI's resources as well as the strategic significance of the project in the country's economy were the main considerations which placed the project in a special category suitable for assistance from the DAF. The IFC, the ICICI and the LIC, besides some banks, participated in the underwriting and loan assistance. Interim disbursement was made out of this Fund to the Gujarat State Fertilisers Company Ltd. during 1965-66 to the tune of Rs. 11.7 crores, in terms of the loan assistance, pending finalisation of the loan documents. As regards underwriting assistance, the Company made a public issue of share capital in April 1966, the amount devolving on the IDBI on account of the underwriting commitment being Rs. 2.6 crores. During 1965-66, the IDBI sanctioned, subject to the approval of the Central Government, a direct loan of Rs. 7 crores to another fertiliser company, *viz.*, the Coromandel Fertilisers Ltd, to finance the over-run in the rupee cost of the project, a good part of which has arisen out of the successive increases in import duty during 1965. In view of the high debt-equity ratio and the extremely inadequate margin for lending available in the project, it was proposed to grant the loan out of the DAF.

60. During the year under review, the Bank borrowed from the Government of India for credit to the DAF an

aggregate amount of Rs. 12.2 crores, repayable in 10 annual equated instalments of principal and interest at the rate of 5½ per cent per annum, commencing from June 30, 1971. Disbursals from the Fund up to the end of June 1966 amounted to Rs. 11.7 crores, leaving a balance of Rs. 51 lakhs to the credit of the Fund at the end of the year. As against a loss of Rs. 513 during 1964-65, the Fund showed a profit of Rs. 2.88 lakhs during 1965-66, after transferring a sum of Rs. 3.36 lakhs to the General Fund of the Bank towards expenses arising out of or in connection with administration of the Fund.

#### V. Institutional Finance for Industry

61. In recent years, institutional finance has constituted an increasingly important source of medium and long-term funds for Indian industries. In view of its growing importance, consolidated data on the quantum and composition of financial assistance provided by major financial institutions like the IDBI, the IFC, the ICICI and the SFCs during the financial years 1963-64 and 1964-65 were published, for the first time, in the IDBI Report for 1964-65. The scope of these data has been widened this year by the inclusion of figures relating to other institutions operating in this field, *viz.*, the Life Insurance Corporation of India (LIC), the Unit Trust of India (UTI) and the State Industrial Development Corporations (SIDCs). It may be mentioned here that the operations of the LIC and the UTI are essentially investment operations, though these constitute vital assistance to industrial units. With termination of the Third Plan the quantum and composition of financial assistance provided by financial institutions during the Third Plan as a whole have also been indicated, together with totals for the Second Plan period, for purposes of comparison.

62. For the IDBI, the figures prior to July 1964 relate to refinance operations of the RCI, beginning from June 1958. Only the refinance provided to *commercial and co-operative banks* is included in the statistics of the IDBI (the assistance given by banks to industry is more than this since not all term loans extended by commercial and co-operative banks are refinanced and since November 1964, the IDBI has resorted to *partial refinancing*, to the extent of 80 per cent). The IDBI's refinance assistance to the SFCs has been excluded from loans of the IDBI to avoid double counting, since this is covered under loans provided by the SFCs. Refinance is not availed of by the IFC and the ICICI.

63. Table 10 summarises the operations of financial institutions during the two years 1964-65 and 1965-66.

\*At post-devaluation exchange rate. The guarantee assistance originally sanctioned in 1964-65 was Rs. 1.6 crores which was later enhanced to Rs. 3.3 crores in April 1966.

TABLE 10—ASSISTANCE SANCTIONED BY FINANCIAL INSTITUTIONS DURING 1965-66 AND 1964-65 (APRIL-MARCH)

	(In crores of rupees)									
	Loans				Underwriting and direct subscriptions				Total Assistance	
	1965-66		1964-65		1965-66		1964-65		1965-66	1964-65
1	2	3	4	5	6	7	8	9	10	11
IDBI	..	58.8*	18.3*	9.2	3.0	1.3	—	10.5	3.0	69.3
IFC	..	37.7	20.8	4.0	2.4	1.8	1.4	5.8	3.8	43.5
		(4.1)	(7.0)							(4.1)
ICICI	..	18.8	16.8	4.3	3.5	1.5	2.8	5.8	6.3	24.7
		(12.2)	(10.9)							(12.2)
SFCs	..	23.4	20.0	1.7	2.6	0.2	0.2	1.9	2.8	25.3
SIDCs	..	0.3	0.2	1.4	2.3	—	—	1.4	2.3	1.7
Sub-total	..	139.0	76.1	20.6	13.8	4.8	4.4	25.4	18.2	164.5
		(16.3)	(17.9)							(16.3)
UTI@	..	—	—	1.0	2.1	1.2	6.8	2.2	8.9	2.2
LIC†	..	—	1.3	—	6.5	—	7.2	—	13.7	15.0
Sub-total	..	—	1.3	—	8.6	—	14.0	—	22.6	—
Grand Total	..	139.0	77.4	21.6	22.4	6.0	18.4	27.6	40.8	166.7
		(16.3)	(17.9)							(16.3)
										(17.9)

\*Comprising refinance to banks, direct loans and rediscounts.

†Data for 1965-66 are provisional.

†Figures for 1965-66 are not available.

Figures within brackets relate to loans in foreign currency.

64. Financial assistance (including loans, underwriting and direct subscriptions and rediscounts<sup>§</sup>) sanctioned by the IDBI, the IFC, the ICICI, the SFCs and the SIDCs totalled Rs. 164.5 crores during the year as compared to Rs. 94.2 crores during 1964-65. To a substantial extent the rise reflected the impact of the IDBI's operations, sanctions by the IDBI increased more than two-fold. The total for the IFC also showed a considerable rise. The increase in assistance sanctioned by the ICICI and the SFCs was comparatively small. Sanctions by the UTI in respect of underwriting and direct subscriptions to shares and debentures recorded a sizeable decline.

<sup>§</sup>In the case of rediscounts, assistance disbursed has been taken as assistance sanctioned.

TABLE 11—ASSISTANCE DISBURSED BY FINANCIAL INSTITUTIONS DURING 1965-66 AND 1964-65 (APRIL-MARCH)  
(In crores of rupees)

1	Loans		Underwriting and direct subscriptions						Total Assistance		
	1965-66	1964-65	Ordinary and preference shares		Debentures		Total		1965-66	1964-65	
			1965-66	1964-65	1965-66	1964-65	1965-66	1964-65			
1	2	3	4	5	6	7	8	9	10	11	
IDBI	..	32.8†	18.6*	1.5	0.2	1.3	—	2.8	0.2	35.6	18.7
IFC	..	21.2**	17.6**	2.7	2.4	1.4	0.1	4.1	2.5	25.3	20.1
		(3.1)	(2.5)							(3.1)	(2.5)
ICICI	..	16.9	14.0	2.1	2.3	0.9	0.7	3.0	3.0	19.9	17.0
		(12.6)	(8.0)							(12.6)	(8.0)
SFCs	..	16.1	13.0	1.9	1.0	—	0.2	1.9	1.2	18.0	14.2
SIDCs	..	0.3	0.2	1.1	1.1	—	—	1.1	1.1	1.4	1.3
Sub-total	..	87.3	63.4	9.3	7.0	3.6	1.0	12.9	8.0	100.2	71.3
		(15.7)	(10.5)							(15.7)	(10.5)
UTI@	..	—	—	1.0	1.6	0.8	6.1	1.8	7.7	1.8	7.7
LIC*	..	—	—	—	5.3	6.2	—	—	11.5	—	11.5
Sub-total	..	—	—	—	6.9	—	12.3	—	19.2	—	19.2
Grand Total	..	87.3	63.4	10.3	13.9	4.4	13.3	14.7	27.2	102.0	90.5
		(15.7)	(10.5)							(15.7)	(10.5)

\*Comprising refinance to banks, direct loans and rediscounts.

\*\*Including disbursements on account of guarantees.

@Data for 1965-66 are provisional.

..negligible.

†Figures for 1965-66 are not available.

Figures within brackets relate to loans in foreign currency.

Total disbursements by the IDBI, the IFC, the ICICI, the SFCs and the SIDCs increased from Rs. 71.3 crores in 1964-65 to Rs. 100.2 crores in 1965-66. There were increases both under loans and underwriting and direct subscriptions. All the term-financing institutions participated in the increase which was marked in the case of

the IDBI. Disbursements on account of the UTI recorded a sizeable decline.

67. With the termination of the Third Plan period, it may be useful to indicate the magnitude of financial assistance sanctioned and disbursed by term-financing institutions. The relevant data have been summarised in Table 12.

TABLE 12—ASSISTANCE SANCTIONED AND DISBURSED BY FINANCIAL INSTITUTIONS IN THE THIRD PLAN  
(In crores of rupees)

1	Loans		Underwriting and direct subscriptions						Total Assistance	
	Sanctioned	Disbursed	Ordinary and preference shares		Debentures		Total		Sanctioned	Disbursed
			2	3	4	5	6	7	8	9
1	2	3	4	5	6	7	8	9	10	11
IDBI	111.5‡	76.4‡	12.2	1.7	1.3	1.3	13.5	3.0	125.0	79.4
IFC	131.2	78.0	13.1	7.4	6.7	5.0	19.8	12.4	151.0	90.4
	(24.5)	(8.8)							(24.5)	(8.8)
ICICI	83.0	54.1	14.2	7.5	8.9	3.9	23.1	11.4	106.1	65.5
	(56.1)	(35.5)							(56.1)	(35.5)
SFCs	90.5	60.2	8.1	6.4	0.6	0.4	8.7	6.8	99.2	67.0
SIDCs	1.3	0.6	10.8	5.0	—	—	10.8	5.0	12.1	5.6
Sub-total	417.5	269.3	58.4	28.0	17.5	10.6	75.9	38.6	493.4	307.9
	(80.6)	(44.3)							(80.6)	(44.3)
UTI	—	—	3.1	2.6	8.0	6.9	11.1	9.5	11.1	9.5
LIC†	1.3	—	19.4	14.6	23.2	22.2	42.6	36.8	43.9	36.8
Sub-total	1.3	—	22.5	17.2	31.2	29.1	53.7	46.3	55.0	46.3
Grand Total	418.8	269.3	80.9	45.2	48.7	39.7	129.6	84.9	548.4	354.2
	(80.6)	(44.3)							(80.6)	(44.3)
Total for the Second Plan*	105.2	70.1					15.8	6.3	121.0	76.4

†Figures relate to four years up to 1964-65.

‡Comprising refinance to banks, direct loans and rediscounts.

\*Data for the Second Plan which relate to the operations of the RCI, the IFC, the ICICI and the SFCs are not strictly comparable with those for the Third Plan.

Figures within brackets relate to foreign currency loans.

68. During the Third Plan as a whole, the financial assistance sanctioned by the IDBI, the IFC, the ICICI, the SFCs and the SIDCs, in the form of loans, underwriting, direct subscriptions and rediscounts aggregate Rs. 493.4 crores, the respective figures for the two types of assistance being Rs. 417.5 crores and Rs. 75.9 crores. Sanctions by the LIC† and the UTI, which were almost wholly in the form of underwriting and direct subscriptions, aggregated Rs. 55.0 crores. For the Second Plan period\*, total assistance sanctioned by all term-lending institutions amounted to Rs. 121.0 crores. Both in the Second and the Third Plan periods, the largest sanctions and disbursals were made by the IFC. Sanctions and disbursals of the IDBI exceeded those of the ICICI as also of the SFCs in the Third Plan period. As regards the composition of assistance during the Third Plan period, *loan* capital was more predominant in the case of the IDBI, the IFC and the SFCs. The ICICI accounted for largest share in underwriting and direct subscriptions, a good part of it being in respect of debentures. *Rupee* loans sanctioned by the IDBI, the IFC, the ICICI, the SFCs and the SIDCs totalled Rs. 336.9 crores, while *foreign currency* loans sanctioned by the IFC and the ICICI aggregated Rs. 80.6 crores.

69. The LIC is the largest single institution in the sphere of underwriting of and direct subscriptions to shares and debentures, though its underwriting is essentially an investment operation. The total amount sanctioned by it by way of underwriting and direct subscriptions was Rs. 42.6 crores during the first four years of the Third Plan. Next in importance came the ICICI, which sanctioned assistance by way of underwriting and direct subscriptions for Rs. 23.1 crores during the Third Plan period. As regards guarantees in respect of foreign loans and deferred payments, the IDBI and the SFCs accounted for the bulk of the guarantee assistance sanctioned during the Third Plan period.

70. Total *disbursements* by the IDBI, the IFC, the ICICI, the SFCs and the SIDCs were Rs. 307.9 crores during the Third Plan, as compared to Rs. 76.4 crores in the Second Plan. As much as 87 per cent of the disbursements was in the form of loans. Total disbursements were the largest in the case of the IFC and the UTI in respect of their commitments for underwriting of shares and debentures and direct subscriptions amounted to Rs. 46.3 crores.

71. Thus, in the Third Plan period, the volume of funds provided to industrial units by financial institutions showed a significant increase both absolutely and relatively in terms of its percentage share of total industrial investment in the private sector. The total assistance provided by term-financing institutions represented about 13 per cent of the total estimated private sector investment (gross) in the Third Plan period; in the Second Plan period, it was only about 5 per cent of a considerably smaller amount of investment. The progressive strengthening, in recent years, of the financial machinery for provision of term-finance to private sector of industry and the setting up of the IDBI as the apex institution has resulted in significantly increasing the contribution of term-financing institutions to the industrial growth of the country.

## VI. Accounts and Other Matters

72. Under the provisions of the Industrial Development Bank of India Act, the Development Bank is required to maintain two separate accounts—one relating to the General Fund of the Bank and the other relating to the Development Assistance Fund established under Section 14 of the Act, and to prepare separate balance sheets and accounts of these Funds.

### Income and Expenditure

73. During the accounting year 1965-66, the total income of the Bank's General Fund amounted to Rs. 409.56 lakhs. The principal components of this income were (i) interest on refinance to financial institutions (Rs. 336.02 lakhs), (ii) interest on Government securities (Rs. 23.56 lakhs), (iii) interest on loans to industrial concerns (Rs. 14.93 lakhs) and (iv) interest on SFC Bonds (Rs. 12.47 lakhs). Expenditure totalled Rs. 258.12 lakhs. The main item of expenditure was interest paid on loans taken from the Central Government (Rs. 224.16 lakhs). Interest on borrowings from the

Reserve Bank amounted to Rs. 13.80 lakhs. The establishment expenses aggregated Rs. 20.03 lakhs. The excess of income \*\* over expenditure was Rs. 151.44 lakhs. As provided in Section 22 of the Industrial Development Bank of India Act, after crediting a sum of Rs. 125 lakhs to the Reserve Fund, the balance of profit of the General Fund amounting to Rs. 26.44 lakhs was transferred to the Reserve Bank of India; the balance of profit transferred to the Reserve Bank in the previous year was Rs. 17.32 lakhs.

### Resources

74. The Bank's general resources during the year were derived from loans from the Central Government and the Reserve Bank of India.

#### (i) Share Capital and Reserves

During the year, the authorised capital of the Bank remained unchanged at Rs. 50 crores and the issued capital, wholly subscribed by the Reserve Bank of India, at Rs. 10 crores. In view of the increase in borrowings for financing the expanded scale of operations, steps are being taken to raise the share capital.

The Reserve Fund of the Bank, which had stood at Rs. 81.42 lakhs as on June 30, 1965, increased to Rs. 206.42 lakhs on account of the transfer of Rs. 125 lakhs out of the profits for 1965-66, referred to above.

#### (ii) Borrowing from the Government of India

Following its establishment, the Bank had received an interest-free loan of Rs. 10 crores from the Central Government. Of the sum of Rs. 36 crores allotted to Refinance Corporation for Industry Ltd., out of the P.L. 480 Funds, for providing refinance facilities, it had drawn Rs. 33.5 crores upto the end of August 1964; the balance of Rs. 2.5 crores was taken over by the IDBI following the merger. Subsequently, during the course of 1964-65, the Bank had received further loans of Rs. 8.99 crores from the Central Government for the General Fund and Rs. 1 lakh for the Development Assistance Fund, bringing the total borrowings from the Government to Rs. 55.0 crores at the end of June 1965. During 1965-66, the Bank received further loans for an aggregate amount of Rs. 37.9 crores, of which Rs. 12.2 crores were for credit to the DAF. Total borrowings from the Central Government as on June 30, 1966 stood at Rs. 92.9 crores. The loans carry interest at rates varying from 4 to 5½ per cent and are for maturity periods not exceeding 15 years, except for the loan of Rs. 36.0 crores from P.L. 480 Funds, which is to be repaid not later than July 1, 1997.

#### (iii) Borrowing from the Reserve Bank of India

During 1965-66, the Reserve Bank of India sanctioned a limit of Rs. 2.0 crores out of the National Industrial Credit (Long Term Operations) Fund to the IDBI for the purchase of and/or subscription to bonds of eligible financial institutions. As on June 30, 1966, the limit was utilised to the extent of Rs. 1.3 crores for subscribing to the bond issues of five State Financial Corporations, viz., Uttar Pradesh, Madhya Pradesh, Maharashtra, Orissa and Gujarat Financial Corporations. The Reserve Bank granted further limits of Rs. 25 lakhs and Rs. 15 lakhs out of the above Fund for subscribing to the share capital of the Madras Industrial Investment Corporation Ltd. and the Maharashtra State Financial Corporation, respectively; these limits were fully utilised. Total limits sanctioned by the Reserve Bank out of this Fund aggregated Rs. 4.6 crores, of which Rs. 3.8 crores were utilised up to the end of June 1966.

### Auditors

75. The accounts of the Bank have been audited by Messrs. S. B. Billimoria and Co. of Bombay, who were appointed by the Reserve Bank of India as auditors of the IDBI, in terms of Section 23(1) of the Industrial Development Bank of India Act.

### Supervision over operations of the IFC

76. During the year, the IDBI continued to carry out the supervisory obligations in respect of the IFC, which were vested in it, following certain amendments to the IFC Act, 1948 made in terms of the IDBI Act, 1964. The IFC referred to the IDBI for approval/comments cases covered by the directives issued to the Corporation by the Central Government under Section 6(3) of

\*Figures relate to four years up to 1964-65.

\*\*The figures for the Second Plan, given here, relate to the RCI, the IFC, the ICICI and the SFCs and are not strictly comparable with those for the Third Plan. While the figures for the Third Plan uniformly relate to the financial year (April-March), those for the Second Plan relate to the different accounting periods followed by individual institutions. Further, some of the SIDCs and the UTI were set up only in the Third Plan period.

\*\* Includes Rs. 3.36 lakhs recovered from the DAF in proportionate reimbursement of administrative expenditure incurred on the Fund.

the IFC Act, 1948 (since amended) and continued by the IDBI. The IFC also submitted to the IDBI the periodical returns prescribed under Section 35 of the IFC Act. The IDBI accorded its approval to the Budget Estimates of the Corporation for 1966-67, submitted to it in accordance with Rule 2 of the Industrial Finance Corporation Rules, 1965. In terms of Section 10 (1) (aa) of the IFC Act, Shri S. L. N. Simha, the General Manager of the IDBI, was nominated to the Board of the IFC in place of Shri K. C. Mittra, with effect from March 14, 1966. The IDBI Board also nominated Dr. R. N. Bhargava to the Board of the IFC, in place of Prof. M. V. Mathur, in terms of the aforesaid Section.

#### IDBI's General Regulations, 1964

77. During the year under review, a new Regulation i.e. Regulation No. 14, setting out the forms of Balance Sheets and Profit and Loss Accounts of the General Fund and the Development Assistance Fund was added to the IDBI's General Regulations, 1964, with the approval of the Board and the Reserve Bank of India.

#### Board of Directors

78. The Board of Directors of the Industrial Development Bank of India consists of such persons as, for the time being, hold office as Directors of the Central Board of the Reserve Bank of India, the strength of which was increased from 15 to 20 with the establishment of the IDBI on July 1, 1964. Shri C. S. Divekar, who relinquished charge of the office of Deputy Governor of the Reserve Bank of India from the close of business on November 11, 1965 on the expiry of his term of appointment, ceased to be a Director of the IDBI, effective November 12, 1965. The Board wishes to place on record its appreciation of the valuable services rendered by Shri C. S. Divekar. Prof. C. N. Vakil and Shri N. A. Palkhivala retired as Directors from the Central Board of the Reserve Bank of India and consequently from the Board of the IDBI on the expiry of their terms of office on January 23, 1966 and January 14, 1966, respectively, but were re-nominated by the Government of India as Directors of the Central Board in terms of Section 8(1)(c) of the Reserve Bank of India Act, 1934.

79. Seven meetings of the Board of Directors were held during the year, four of which were in Bombay and one each in Madras, Calcutta and New Delhi.

#### Executive Committee

80. The executive Committee constituted by the Board of Directors consisted of the Chairman, the Vice-Chairman and five other Directors nominated by the Board, viz. Sarvashri P. L. Tandon, Arvind N. Mafatlal, G. Basu, K. Sreenivasan and C. P. N. Singh. The Committee held fourteen meetings during the year, of which

one each was held in Madras, Calcutta and New Delhi and the rest were held in Bombay.

#### Ad Hoc Advisory Committees

81. Mention was made in the previous report of the constitution of a panel of Technical Advisers and Consultants drawn from various sectors of industry. Experts from this panel are drawn from time to time to form *ad hoc* Committees of Advisers for advising the Bank on the various projects seeking financial assistance during the years, two advisers were included on the panel, raising the total number of advisers to 40. In all, twenty meetings of *ad hoc* Committees of Advisers were held during the course of the year, including one held for the selection of technical personnel.

#### Internal Organisation

82. The operations of the Bank continued to be carried on under the immediate superintendence and direction of the Vice-Chairman, assisted by the General Manager. Shri K. C. Mittra, who had held office of General Manager since the inception of the Bank, was appointed as the Chief Accountant of the Reserve Bank of India with effect from April 6, 1966, on return from leave. The Board places on record its appreciation of the services of Shri Mittra as General Manager. Shri S. L. N. Simha, Economic Adviser and Deputy General Manager, was appointed as General Manager, with effect from January 10, 1966. At present, the internal organisation of the Bank consists of five main Departments or Division, viz. Appraisal, Economic and Planning, Operations, Refinancing and Administration, besides the Legal Division, which attends to legal matters connected with the Bank's operations.

#### Recruitment and training of personnel

83. During the year, the Bank took steps to augment its strength of staff by recruiting personnel with specialised qualifications in accountancy, economic analysis, company finance etc. as well as personnel technically qualified in the various branches of industry. As in the previous year, the IDBI continued to take advantage of the various training courses in and outside the country during the year. It deputed one officer for training in the Industrial Project Evaluation Course conducted by the Economic Development Institute, an affiliate of the World Bank, and another for a course on Economic Analysis and Operational Techniques for Industrial Management conducted by the Indian Institute of Management, Calcutta. Two Junior Officers were also sent for training in the Industrial Finance Course conducted by the Reserve Bank at the Bankers Training College, Bombay.

#### Premises

84. The principal office of the Bank is located in the main building of the Reserve Bank of India, Bombay. To meet its growing requirements, the Bank has acquired additional office accommodation in 'Makani Manzil' in Bazar Gate Street, in the vicinity of the Reserve Bank.

#### ANNEXURE I SUMMARY OF REFINANCING OPERATIONS

(In lakhs of rupees)

No. of financial institutions sanctioned refinance@ ..	34	Since inception of RCI in June 1958 up to June 30, 1964 (1)		1964-65 (July-June) (2)		1965-66 (July-June) (3)		Since inception of RCI in June 1958 up to June 30, 1966 (4)	
		No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
1. Applications received .. .. ..	542	82,37.4	228	37,34.1	256	43,97.2	1026	1,63,68.7	
2. Applications sanctioned .. .. ..	(1)	(10.8)	(1)	(56.0)	(4)	(1,05.0)	(6)	(1,71.8)	
3. Net effective sanctions (end of period) .. .. ..	399	59,28.0	125	25,13.4	185	23,00.0	709	1,07,41.4	
4. Applications rejected being ineligible .. .. ..	(1)	(10.8)	(1)	(54.8)	(3)	(81.9)	(5)	(1,47.6)	
5. Applications withdrawn or returned to financial institutions for want of full particulars .. .. ..	359	53,06.4	468	73,67.9	645	93,43.1	645	94,43.1	
6. Applications pending consideration@ .. .. ..	20	(7.6)	(2)	(29.0)	(5)	(96.5)	(5)	(96.5)	
7. Sanctions treated as lapsed .. .. ..	19	3,27.5	8	2,34.0	4	1,03.6	31	6,65.1	
8. Sanctions not to be availed of by the financial institutions .. .. ..		2,94.1		2,17.9		1,21.1		6,33.1	
9. Refinance disbursed .. .. ..		(3.3)		(33.4)		(14.4)		(51.1)	
10. Undisbursed sanctions (end of period) .. .. ..		39,51.2		21,16.7		22,26.2		82,94.0	
11. Refinance outstanding@ .. .. ..		(7.6)		(88.6)		(88.6)		(96.1)	
		13,55.2		13,00.0		11,49.1		11,49.1	
		(—)		(21.4)		(0.4)		(0.4)	
		34,59.3		50,22.4		63,93.0		63,93.0	
		(6.0)		(—)		(50.6)		(50.6)	

Note : —1. Figures shown in column 1 relate entirely to RCI, while those in column 2 include the operations of RCI up to the end of August 1964.

2. Figures include refinance of medium-term export credits which are separately shown within brackets.

@Figures in columns 2 and 3 indicate the position as at the end of the period.

## ANNEXURE II

## DETAILS OF INDUSTRIAL PROJECTS TO WHICH DIRECT FINANCIAL ASSISTANCE HAS BEEN SANCTIONED BY THE INDUSTRIAL DEVELOPMENT BANK OF INDIA, 1965-1966.

(In lakhs of rupees)

Name of the company	Capital cost of the project	Means of Financing				Contribution to Project Cost of Promoters & Collaborators				Financial Assistance Sanctioned by IDBI				Per-centage of 10 to 12 and 13	Per-centage of 15 to 2	Dis-bursements and out-standings	
		Ordinary and pref. shares	Debentures and convertible notes	Loans etc.	Deferred payments	Promoters, directors, etc.	Collaborators	In cash	Other	Total of 7, 8 & 9	Loan	Underwriting	Ordinary and pref. shares	Debentures and convertible notes	Guarantee*		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Indian Mechanisation and Allied Products Ltd.	38.0	20.0	—	18.0	—	12.1	—	—	12.1	6.0	2.0	—	—	8.0	31.9	21.1	0.8
2. Sree Vallappa Textiles Ltd.	70.9	26.0	—	23.7	21.2	13.7 (3.7)	—	—	13.7	—	4.0	—	—	4.0	19.4	5.6	—
3. Sandur Manganese and Iron Ore Ltd.	179.9	68.5	—	50.0	61.4	10.0	15.0	2.0	27.0	—	7.5	—	—	7.5	15.0	4.2	3.6
4. Jayshree Chemicals Ltd.	336.8	130.0	30.0	75.8	101.0	63.0 (12.0)	—	—	63.0	—	25.0	10.0	—	35.0	18.7	10.4	34.9
5. E.I.D. Parry Ltd.	347.1	106.2	—	120.0	120.9	—	—	—	—	120.0	—	—	275.7	120.0	—	34.6	—
6. National Organic Chemical Industries Ltd.	3887.3	1200.0	—	2687.3	—	340.0	1627.3 (1227.3)	—	1967.3	750.0	270.0	—	—	1020.0	50.6	26.2	388.4
7. Polyoelfins Industries Ltd.	977.2	360.0	—	617.2	—	122.4	120.0	—	242.4	140.0	37.6	—	178.9	177.6	24.8	18.2	92.8
8. High Quality Steels Ltd.	895.0	300.0	—	595.0	—	67.5	53.3	—	120.8	68.3	65.0	—	—	133.3	13.5	14.9	—
9. Kamani Engineering Corporation Ltd.	211.6	30.0	—	181.6**	—	—	—	—	—	30.0	—	—	—	30.0	—	14.2	—
10. Madras Alloy and Stainless Steels Ltd.	800.0	400.0	—	400.0	—	100.0	20.0	2.0	122.0	175.0	83.0	—	—	238.0	15.3	32.3	—
11. Chowgule and Company (P) Ltd.	452.0	—	—	284.0	168.0	—	—	—	—	125.0	—	—	—	125.0	—	27.7	115.0
12. Associated Bearing Co. Ltd.	752.0	400.0	265.0§	87.0**	—	—	—	—	—	—	—	30.0	—	30.0	—	4.0	30.0
13. Associated Cement Companies Ltd.	8069.0	—	—	8069.0	—	—	—	—	—	300.0	—	—	—	500.0	—	6.2	210.0
14. Shree Digvijay Cement Co. Ltd.	365.0	—	175.0	190.0**	—	—	—	—	—	—	—	50.0	—	50.0	—	13.7	49.8
15. Incheq Tyres Ltd.	277.0	70.0	—	137.4	69.6	50.0	—	—	50.0	—	5.0	—	—	5.0	18.1	1.8	2.5
16. Solid Containers Ltd.	94.0	45.0	—	49.0	—	26.0 (6.0)	—	—	26.0	—	5.0	—	—	5.0	27.7	5.3	2.4
17. Uttar Pradesh Steels Ltd.	157.2	77.5	—	79.7	—	45.3 (14.7)	—	—	45.3	—	15.0	—	—	15.0	28.8	9.5	3.7
18. CTR Manufacturing Industries Ltd.	93.8	55.0	—	48.8	—	24.0 (2.0)	—	—	24.0	—	16.0 (15.0)	—	—	16.0 (15.0)	25.6	16.0	3.7
19. Madras Forgings and Allied Industries Ltd.	65.0	35.0	—	30.0	—	11.0 (3.0)	—	—	11.0	—	5.0	—	—	5.0	16.9	7.7	1.2
20. India Cements Ltd.	1727.9	—	—	1727.9	—	—	—	—	—	175.0	—	—	—	175.0	—	10.1	106.0
21. East Anglia Plastics (India) Ltd.	643.0	72.5	—	289.5	281.0	—	—	22.5	22.5	30.0	—	—	392.2	50.0	3.5	7.8	—
22. Bharat Electrical Industries Ltd.	36.0	14.0	—	32.0	—	—	—	—	—	10.0	5.0	—	—	15.0	—	41.7	—
23. Central India Machinery Manufacturing Co. Ltd.	191.0	—	125.0	66.0	—	—	—	—	—	—	40.0	—	—	40.0	—	20.9	46.0
24. Bombay Malleable Iron Castings and Allied Industries Ltd.	120.0	65.0	—	55.0	—	32.5	—	—	32.5	—	10.0	—	—	10.0	27.1	8.3	—
25. Mahindra Uging Steel Co. Ltd.	850.0	367.5	—	457.5	25.0	85.5	64.0	1.5	151.0	37.5	—	—	—	37.5	17.8	6.8	—
26. Accumax Ltd.	80.5	40.0	—	40.5	—	15.5 (2.0)	—	—	15.5	—	5.0 (—)	—	—	5.0 (—)	19.3	6.2	—
27. Andhra Pradesh Paper Mills Ltd.	1126.7	400.0	—	519.4	218.7	250.0	—	—	250.0	90.0	45.0	—	—	135.0	22.2	12.0	—
28. Utkal Machinery Ltd.	86.0	—	—	86.0	—	—	—	—	—	60.0	—	—	—	60.0	—	69.8	—
29. Bradbury Mills Ltd.	147.4	—	—	141.4	6.0	—	—	—	—	45.0	—	—	—	45.0	—	30.5	45.0
30. Tata - Merlin & Gerlin Ltd.	226.1	95.0	—	98.8	32.3	64.6 (23.8)	11.9	—	76.5	—	12.0	—	—	12.0	33.8	5.3	—
31. Ramon & Damm Ltd.	186.3	100.0	—	86.3	—	51.9 (2.5)	—	9.0	60.9	8.7	5.0	—	—	13.7	32.7	7.3	—
32. Phillips India Ltd.	323.0	105.0	—	218.0	—	—	—	—	—	81.3	—	—	—	81.3	—	25.2	—
33. Herdilia Chemicals Ltd.	1009.0	440.0	—	569.0	—	41.0	180.0	—	221.0	30.0‡	—	—	—	30.0	21.9	3.8	—

## ANNEXURE II—(Concl.)

(In lakhs of rupees)

Sr. No.	Name of the company	Means of Financing					Contribution to Project Cost of Promotors & Collaborators				Financial Assistance Sanctioned by IDBI					Per- centage of 10 to 2	Per- centage of 15 to 2	Dis- bur- gals and out- standing
		Capital cost of the project	Ordinary and pref. shares	Debentures and convertible notes	Loans etc.	Defer- red pay- ments	Pro- moters, direc- tors, etc.	Collaborators	Total of 7, 8 & 9	Loan	Underwriting	Guar- antee*	Total of 11, 12 and 13	Ordinary and pref. shares	Debentures and convertible notes			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
34.	National Co.	140.0	—	—	112.3	27.7	—	—	—	80.0	—	—	—	80.0	—	57.1	—	
35.	Standard Mills Co. Ltd.	691.8	—	122.0	306.7	263.1	—	—	—	150.0	—	—	—	553.2	150.0	—	21.7	—
36.	Raj Prakash Spinning Mills Ltd.	66.6	37.5	—	24.5	4.6	19.0	—	—	15.0	—	7.5	—	—	7.5	19.5	11.3	—
37.	Union Carbide India Ltd.	1133.3	120.0	—	1093.3	—	—	72.0	—	78.0	110.0	—	—	—	110.0	6.2	9.1	—
Total		26873.1	5179.7	717.0	19597.4	1400.5	1439.0	2163.5	37.0	3639.5	2861.7	629.6	130.0	1600.0	3621.3	13.5	13.5	1123.7
							(71.7)	(1227.3)		(2861.7)	(623.6)	(130.0)	(1324.3)	(3615.3)		(13.5)		
38.	Coromandel Fertilisers Ltd. <sup>II</sup>	3674.0	849.0	—	2824.0	—	35.2	289.5	109.8	454.5	700.0	—	—	—	700.0	12.4	19.1	—
39.	Gujarat State Fertilisers Co. Ltd. <sup>II</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Total		30547.1	6028.7	717.0	22421.4	1400.5	1494.2	2452.9	146.8	4093.9	3581.7	629.6	130.0	1863.9	4321.3	13.4	14.1	1128.7
							(71.7)	(1227.3)		(3581.7)	(623.6)	(130.0)	(1588.1)	(4315.3)		(14.1)		

**Note :**

1. Figures are based on information available at the time the assistance was sanctioned. In respect of certain projects the contribution of promoters, directors etc are based on the information available in the relative prospectuses.
2. Figures within brackets in columns 11 to 15 relate to effective sanctions. Where the amounts of gross sanctions and effective sanctions are the same, the effective sanctions have not been shown in brackets.
3. Promoter's contribution in the form of loans, deposits, etc. are shown in brackets in column 7.
4. At post-devaluation exchange rates.
5. Belgian and Italian credits sanctioned by the Central Government. <sup>(a)</sup> Includes existing debentures of Rs. 165 lakhs.
6. Including Internal resources. <sup>(b)</sup> Of which Rs. 15 lakhs raised earlier.
7. Share capital already raised. <sup>(c)</sup> Guarantee enhanced from Rs. 247.98 lakhs to Rs. 311.67 lakhs.
8. Further issue of share capital will be by way of rights shares. <sup>(d)</sup> Under the Development Assistance Fund.
9. GuaranTEE executed. <sup>(e)</sup> Additional loan.

### ANNEXURE III INDUSTRY-WISE CLASSIFICATION OF REFINANCE AND DIRECT ASSISTANCE

(In lakhs of rupees)

Industry	1965-66						1964-65						Percentage of assistance sanctioned to total for all industries			
	Financial Assistance Sanctioned				Disbursements		Financial Assistance Sanctioned				Disbursements		Total assistance sanctioned	Total assistance sanctioned to total for all industries	Total disbursements	
	Re-finance	Loans	Under-writing	Re-discount	Total	7	8	9	10	11	12	13	14	15	16	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1. Coal, Mining	3.2	—	—	—	3.2	24.8	42.6	—	—	—	42.6	163.7	45.8	0.4	188.9	
2. Stone, Quarrying, Clay and Sand pits.	—	—	—	—	—	24.0	24.0	—	—	—	24.0	—	24.0	0.2	24.0	
3. Metal Mining	4.0	125.0	7.5	—	136.5	118.6	8.0	—	—	—	8.0	8.0	144.5	1.3	126.6	
4. Food Manufacturing Industries except Beverage Industries.	132.3	—	—	—	132.3	49.1	27.4	—	—	—	27.4	39.8	159.6	1.4	88.9	
5. Manufacture of Textiles	836.1	125.0	11.5	—	972.6	971.8	923.8	—	38.0	—	961.8	857.9	1934.4	17.5	1829.7	
6. Manufacture of Wood and Cork except Manufacture of Furniture.	16.0	—	—	—	16.0	8.0	—	—	—	—	—	35.0	16.0	0.1	43.0	
7. Manufacture of Furniture and Fixtures.	4.6	—	—	—	4.6	3.2	—	—	—	—	—	—	4.6	0.3	3.2	
8. Manufacture of Paper and Paper Products.	81.6	90.0	50.0	—	221.6	83.7	25.0	22.5	80.0	—	127.5	49.0	349.1	3.1	132.7	
9. Printing, Publishing and Allied Industries.	16.8	—	—	—	16.8	21.0	5.4	—	—	—	5.4	—	22.2	0.2	21.0	
10. Manufacture of leather and leather and fur products except footwear and other wearing apparel	0.9	—	—	—	0.9	—	—	—	—	—	—	—	0.9	—	—	
11. Manufacture of Rubber Products	5.6	—	5.0	—	10.6	8.1	5.2	—	—	—	5.2	15.2	13.8	0.1	29.3	

## ANNEXURE III—(Contd.)

Industry	1965-66							1964-65							Total assistance sanctioned	Percentage of assistance sanctioned to assistance total for all industries	Total disbursements	
	Financial Assistance Sanctioned				Disbursements	Financial Assistance Sanctioned				Disbursements	Total assistance sanctioned	Total assistance sanctioned	Total assistance sanctioned					
	Re-Balance	Loans	Underwriting	Re-discount		Re-Balance	Loans	Underwriting	Re-discount									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
12. Manufacture of Chemicals and Chemical Products—																		
(a) Basic Industrial chemicals other than fertilisers.	46.1	1180.0	542.6	—	1568.7	685.6	60.6	16.3	93.0	—	169.9	85.9	1738.6	15.7	721.6			
(b) Fertilisers.	—	820.0	—	—	820.0	1176.3	8.0	1400.0	268.0	—	1676.0	1.6	2496.0	22.5	1184.9			
(c) Vegetable and animal oils and fats (except edible oils).	—	—	—	—	—	3.0	4.0	—	—	—	4.0	7.7	4.0	..	10.7			
(d) Manufacture of artificial fibres	48.0	—	—	—	48.0	32.0	113.8	133.0	—	—	246.8	112.5	294.8	2.7	144.5			
(e) Manufacture of paints, varnishes and lacquers.	—	—	—	—	—	8.0	44.0	—	—	—	44.0	36.0	44.0	0.4	44.0			
(f) Manufacture of miscellaneous chemical products.	134.4	50.0	—	—	184.4	160.9	217.0	—	—	—	217.0	166.1	401.4	3.6	327.0			
13. Manufacture of Products of Petroleum and Coal	—	—	—	—	—	—	—	—	—	—	—	—	30.0	—	—	30.0		
14. Manufacture of Non-Metallic Mineral Products except Products of Petroleum and Coal.																		
(a) Manufacture of Structural clay products.	17.6	—	—	—	17.6	17.6	—	—	—	—	—	—	—	17.6	0.2	17.6		
(b) Manufacture of glass and glass products.	12.0	—	—	—	12.0	17.1	67.6	—	—	—	67.6	45.2	79.6	0.7	62.3			
(c) Manufacture of pottery, China & earthenware (ceramics).	2.4	—	—	—	2.4	12.4	16.4	—	—	—	16.4	2.4	18.8	0.2	14.8			
(d) Cement	—	675.0	50.0	—	725.0	583.4	—	35.0	50.0	—	85.0	31.8	810.0	7.3	415.2			
(e) Grinding wheels and abrasives	—	—	—	—	—	—	—	—	—	—	—	2.8	—	—	2.8			
(f) Asbestos	4.0	—	—	—	4.0	3.5	—	—	—	—	—	—	4.0	..	3.5			
15. Basic Metal Industries																		
(a) Iron and steel basic industries.	165.6	131.8	87.0	—	384.4	163.8	84.6	—	27.9	—	812.5	113.5	496.9	4.5	277.4			
(b) Non-ferrous metal basic industries.	36.0	—	—	—	36.0	20.0	—	—	—	—	—	43.1	36.0	0.3	63.1			
16. Manufacture of Metal Products except Machinery and Transport Equipment.	70.2	175.0	83.0	—	328.2	38.1	23.9	7.0	9.0	—	41.9	38.7	370.1	3.3	76.8			
17. Manufacture of Machinery except electrical machinery.	182.1	60.0	70.0	324.6	537.4	470.3	175.2	—	58.5	8.9	242.6	105.6	780.0	7.0	576.0			
18. Manufacture of electrical Machinery, Apparatus, Appliances and supplies.	189.1	121.1	32.0	—	342.4	305.6	213.2	—	30.0	—	235.2	67.1	577.6	5.2	372.7			
19. Manufacture of Transport Equipment.	50.0	8.7	13.0	—	78.7	71.6	79.2	—	—	—	73.2	79.5	146.9	1.3	151.1			
20. Miscellaneous Manufacturing Industries.																		
(a) Manufacture of professional scientific measuring and controlling instruments.	—	—	—	—	—	—	—	—	—	—	—	—	2.8	—	—	2.8		
(b) Manufacture of watches and clocks.	—	—	—	—	—	1.5	6.0	—	5.0	—	11.0	6.7	11.0	0.1	8.2			
(c) Plastic moulded goods	—	—	—	—	—	1.0	—	—	—	—	—	—	—	—	1.0			
(d) Surgical dressings etc.	7.2	—	—	—	7.2	4.2	—	—	—	—	—	—	7.2	0.1	4.2			
(e) Cigarette filters	—	—	—	—	—	—	—	—	—	—	—	4.0	—	—	4.0			
(f) Water meters, steam meters and electricity meters.	—	—	—	—	—	19.3	—	—	11.5	—	11.5	—	11.5	0.1	10.8			
21. Electricity, Gas, Water and Sanitary Services.																		
Gas manufacture and distribution (Industrial gases)	1.0	—	—	—	—	1.0	1.7	—	—	—	—	—	10.3	1.0	..	12.0		
22. Services																		
(a) Hotel industry	36.1	—	—	—	36.1	26.9	—	—	—	—	—	—	36.1	0.3	26.9			
(b) Others	8.0	—	—	—	8.0	8.0	—	—	—	—	—	—	8.0	0.1	8.0			
Total	2111.6	3561.7	753.6	224.6	6631.8	4884.9	2173.0	1613.8	660.9	8.9	4456.3	2169.1	11108.0	100.0	7054.0			
Export Credits	67.5	—	—	—	67.5	80.6	21.4	—	—	—	21.4	—	88.9	..	88.6			
Grand Total	2179.1	3561.7	753.6	224.6	6719.0	4973.6	2194.4	1613.8	660.9	8.9	4477.9	2169.1	11196.9	7142.4				

..= Negligible.

## APPENDIX I

LIST OF FINANCIAL INSTITUTIONS ELIGIBLE (i)  
FOR REFINANCE FACILITIES AND (ii) FOR REDIS-  
COUNT OF BILLS/PROMISSORY NOTES ARISING  
OUT OF SALES OF INDIGENOUS MACHINERY ON  
DEFERRED PAYMENT BASIS

(AS ON JUNE 30, 1966)

## BANKS

- \*1. Allahabad Bank Ltd.
- \*2. American Express Co. Inc.
- \*3. Andhra Bank Ltd.
- \*4. Bank of America National Trust and Savings Association.
- \*5. Bank of Baroda Ltd.
- \*6. Bank of India Ltd.
- 7. Bank of Karnatak Ltd.
- \*8. Bank of Maharashtra Ltd.
- 9. Bank of Rajasthan Ltd.
- \*10. Bank of Tokyo Ltd.
- 11. Bareilly Corporation (Bank) Ltd.
- 12. Belgaum Bank Ltd.
- \*13. British Bank of the Middle East.
- \*14. Canara Bank Ltd.
- 15. Canara Banking Corporation Ltd.
- \*16. Central Bank of India Ltd.
- \*17. Chartered Bank
- \*18. Comptoir National D'Escompte de Paris†
- \*19. Dena Bank Ltd.
- \*20. Eastern Bank Ltd.
- \*21. First National City Bank.
- \*22. General Bank of the Netherlands.
- \*23. Hongkong & Shanghai Banking Corporation.
- \*24. Indian Bank Ltd.
- \*25. Indian Overseas Bank Ltd.
- 26. Jaya Laxmi Bank Ltd.
- 27. Karur Vysya Bank Ltd.
- 28. Krishnaram Baldeo Bank Private Ltd.
- 29. Kumbakonam Bank Ltd.
- 30. Lakshmi Commercial Bank Ltd.
- 31. Lakshmi Vilas Bank Ltd.
- \*32. Mercantile Bank Ltd.
- 33. Miraj State Bank Ltd.
- \*34. Mitsui Bank Ltd.
- \*35. National and Grindlays Bank Ltd.
- \*36. National Bank of Pakistan.
- 37. New Bank of India Ltd.
- 38. Pangal Nayak Bank Ltd.
- \*39. Punjab National Bank Ltd.
- 40. Sangli Bank Ltd.
- 41. South India Bank Ltd. (Tinnevelly)
- 42. South Indian Bank Ltd.
- \*43. State Bank of Bikaner and Jaipur
- \*44. State Bank of Hyderabad.
- \*45. State Bank of India.
- 46. State Bank of Indore.
- \*47. State Bank of Mysore.
- 48. State Bank of Patiala.
- \*49. State Bank of Saurashtra
- \*50. State Bank of Travancore.
- \*51. Syndicate Bank Ltd.
- 52. Tamilnad Mercantile Bank Ltd.
- 53. Tanjore Permanent Bank Ltd.
- \*54. Union Bank of India Ltd.
- \*55. United Bank of India Ltd.
- \*56. United Commercial Bank Ltd.
- 57. United Western Bank Ltd.
- 58. Vijaya Bank Ltd.
- 59. Vysya Bank Ltd.

## STATE CO-OPERATIVE BANKS

- 1. Andhra State Co-operative Bank Ltd.
- 2. Gujarat State Co-operative Bank Ltd.
- 3. Madhya Pradesh State Co-operative Bank Ltd.
- 4. Madras State Co-operative Bank Ltd.

- 5. Maharashtra State Co-operative Bank Ltd.
- 6. Mysore State Co-operative Apex Bank Ltd.
- 7. Punjab State Co-operative Bank Ltd.
- 8. West Bengal Provincial Co-operative Bank Ltd.

## STATE FINANCIAL CORPORATIONS

- 1. Andhra Pradesh State Financial Corporation.
- 2. Assam Financial Corporation
- 3. Bihar State Financial Corporation
- 4. Gujarat State Financial Corporation
- 5. Jammu & Kashmir State Financial Corporation
- 6. Kerala Financial Corporation
- 7. Madhya Pradesh Financial Corporation
- 8. Maharashtra State Financial Corporation
- 9. Mysore State Financial Corporation.
- 10. Orissa State Financial Corporation.
- 11. Punjab Financial Corporation
- 12. Rajasthan Financial Corporation
- 13. Uttar Pradesh Financial Corporation
- 14. West Bengal Financial Corporation
- 15. Madras Industrial Investment Corporation Ltd.

## OTHER INSTITUTIONS

- 1. Industrial Finance Corporation of India
- 2. Industrial Credit and Investment Corporation of India Ltd.

## APPENDIX II

LIST OF EXPORTABLE ITEMS IN RESPECT OF  
WHICH REFINANCE FACILITIES MAY BE  
GRANTED (AS ON JUNE 30, 1966)

## A. Capital Goods.

- 1. Sugar Mill Machinery (Including Khandsari Machinery)
- 2. Textile Mill Machinery
- 3. Jute Mill Machinery
- 4. Oil Mill Machinery
- 5. Shoe Making Machinery
- 6. Tea Machinery
- 7. Flour Mill, Rice, Dal Machinery
- 8. Printing Machinery
- 9. Paper Making Machinery
- 10. Wood Working Machinery.

## B. Producer Goods.

- 1. Electric Motor beyond 50 H.P.
- 2. Transformers (Power & Distribution)
- 3. Generators
- 4. Switch Gears
- 5. Industrial Switch Boards and Control Panels
- 6. Circuit Brakers
- 7. Air Brake Switches
- 8. Telephones
- 9. Telephone Switch Boards and Telegraphs
- 10. Gas Plants
- 11. Borehole Turbine Pumps
- 12. Diesel Engines beyond 40 H.P.
- 13. Bus, Bus Body Kits, Motor Vehicles and Chassis
- 14. Transmission Line Towers.
- 15. Sub-station Structures & Railway Electrification Structures
- 16. Structural Fabrications such as Bridges, Factory Sheds and Buildings
- 17. Lathes
- 18. Diesel Engines below 40 H.P.
- 19. Electric Motors upto 50 H.P.
- 20. Centrifugal Pumps
- 21. Vehicular Trailers and Auto Parts
- 22. Tools—Hand and Machine
- 23. Agricultural Implements
- 24. Gas Cylinders
- 25. Railway Track Fittings
- 26. Steel Tanks
- 27. Weighing Scales
- 28. Oil Expellers
- 29. Railway Signalling Equipments

\*These banks are eligible for obtaining refinance against medium term export credits.

†Banque Nationale de Paris since July 1, 1966.

30. Tubular Poles & Accessories  
 31. Tipping Wagons  
 32. Tar Boilers.

**C. Consumer Goods**

1. Sewing Machines & Parts
2. Cycles—Parts & Accessories
3. Electric Refrigerators, Air Conditioners & Water Coolers.
4. Electric Fans
5. ACSR Conductors
6. X-Ray Electro-Medical Equipment & Hospital Equipment

**D. Such Other Goods** in respect of which the exemption under Rule 6 of the Foreign Exchange Regulation Rules, 1952 has been granted for an *initial* period exceeding 6 months.

20. Eastern Bank Ltd.  
 21. First National City Bank  
 22. General Bank of the Netherlands  
 23. Hongkong & Shanghai Banking Corporation  
 24. Indian Bank Ltd.  
 25. Indian Overseas Bank Ltd.  
 26. Jaya Laxmi Bank Ltd.  
 27. Karur Vysya Bank Ltd.  
 28. Krishnaram Baldeo Bank Private Ltd.  
 29. Kumbakonam Bank Ltd.  
 30. Lakshmi Commercial Bank Ltd.  
 31. Lakshmi Vilas Bank Ltd.  
 32. Mercantile Bank Ltd.  
 33. Miraj State Bank Ltd.  
 34. Mitsui Bank Ltd.  
 35. National & Grindlays Bank Ltd.

### APPENDIX III

LIST OF CREDIT INSTITUTIONS ELIGIBLE UNDER  
THE SCHEME FOR THE GUARANTEE OF AD-  
VANCES TO COAL INDUSTRY IN THE PRIVATE  
SECTOR (AS ON JUNE 30, 1966)

## BANKS

(i) State Bank of India and its subsidiaries

1. State Bank of India
2. State Bank of Bikaner and Jaipur
3. State Bank of Hyderabad
4. State Bank of Indore
5. State Bank of Mysore
6. State Bank of Patiala
7. State Bank of Saurashtra
8. State Bank of Travancore

#### (ii) *Other Banks*

1. Allahabad Bank Ltd.
2. American Express Co. Inc.
3. Andhra Bank Ltd.
4. Bank of America National Trust & Savings Association
5. Bank of Baroda Ltd.
6. Bank of India Ltd.
7. Bank of Karnatak Ltd.
8. Bank of Maharashtra Ltd.
9. Bank of Rajasthan Ltd.
10. Bank of Tokyo Ltd.
11. Bareilly Corporation (Bank) Ltd.
12. Belgaum Bank Ltd.
13. British Bank Ltd.
14. Canara Bank Ltd.
15. Canara Banking Corporation Ltd.
16. Central Bank of India Ltd.
17. Chartered Bank
18. Comptoir National D'Escompte de Paris†
19. Dena Bank Ltd.

20. Eastern Bank Ltd.
21. First National City Bank
22. General Bank of the Netherlands
23. Hongkong & Shanghai Banking Co.
24. Indian Bank Ltd.
25. Indian Overseas Bank Ltd.
26. Jaya Laxmi Bank Ltd.
27. Karur Vysya Bank Ltd.
28. Krishnaram Baldeo Bank Private Ltd.
29. Kumbakonam Bank Ltd.
30. Lakshmi Commercial Bank Ltd.
31. Lakshmi Vilas Bank Ltd.
32. Mercantile Bank Ltd.
33. Miraj State Bank Ltd.
34. Mitsui Bank Ltd.
35. National & Grindlays Bank Ltd.
36. National Bank of Pakistan
37. New Bank of India Ltd.
38. Pangal Nayak Bank Ltd.
39. Punjab National Bank Ltd.
40. Sangli Bank Ltd.
41. South India Bank Ltd. (Tinnevelly)
42. South Indian Bank Ltd.
43. Syndicate Bank Ltd.
44. Tanjore Permanent Bank Ltd.
45. Tamilnad Mercantile Bank Ltd.
46. Union Bank of India Ltd.
47. United Bank of India Ltd.
48. United Commercial Bank Ltd.
49. United Western Bank Ltd.
50. Vijaya Bank Ltd.
51. Vysya Bank Ltd.

## STATE FINANCIAL CORPORATIONS

1. Andhra Pradesh State Financial Corporation.
2. Assam Financial Corporation.
3. Bihar State Financial Corporation.
4. Gujarat State Financial Corporation.
5. Jammu & Kashmir State Financial Corporation.
6. Kerala Financial Corporation.
7. Madhya Pradesh Financial Corporation.
8. Maharashtra State Financial Corporation.
9. Mysore State Financial Corporation.
10. Orissa State Financial Corporation.
11. Punjab Financial Corporation
12. Rajasthan Financial Corporation.
13. Uttar Pradesh Financial Corporation.
14. West Bengal Financial Corporation.
15. Madras Industrial Investment Corporation Ltd

## OTHER INSTITUTIONS

1. Industrial Finance Corporation of India.
2. Industrial Credit & Investment Corporation of India Ltd.

† Banque Nationale de Paris since July 1, 1966.

**INDUSTRIAL DEVELOPMENT BANK OF INDIA**  
**BALANCE SHEET AS AT 30TH JUNE 1966**

INDUSTRIAL DEVELOPMENT BANK OF INDIA  
BALANCE SHEET AS AT 30th JUNE 1966

## GENERAL FUND

Previous Year	LIABILITIES	This Year	Previous Year	ASSETS	This Year
1	2	3	4	5	6
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
					33,806
				2. INVESTMENTS (2)	
2. RESERVES AND RESERVE FUND					
81,41,704	(i) Reserve Fund	2,06,41,704			
			11,13,66,440	(i) In securities of Central and State Governments	
—	(ii) Other Reserves	—		7,33,55,293	
		2,06,41,704			
			6,34,63,940	(i) In stocks, shares, bonds and debentures of financial institutions ..	8,01,47,260
3. GIFTS, GRANTS, DONATIONS AND BENEFACtIONS				(iii) In stocks, shares, bonds and debentures of industrial concerns ..	
—	(i) From Government ..	—	40,89,928	5,55,35,698	
—	(ii) From other sources ..	—			20,90,58,251*
				3. LOANS AND ADVANCES	
4. BONDS AND DE- BENTURES	—	—			
—				(i) To schedul- ed banks, State coop- erative banks and other financial ins- titutions ..	
—	5. DEPOSITS	—	50,22,41,586	63,93,02,777	
6. BORROWINGS					
—	(i) From Reserve Bank of India	—		(ii) To industrial concerns	3,15,00,000
—	(a) Secured aga- inst stocks, funds and other trustee securities ..	—			72,08,02,777
—	(b) Secured aga- inst bills of exchange or promissory notes ..	—	8,90,291		
—	(c) Out of the National Indus- trial Credit (Long Term Op- erations) Fund	3,84,17,260		4. BILLS OF EX- CHANGE AND PROMISSORY NOTES DISCOU- NTED OR RE- DISCOUNTED ..	2,31,18,085
2,17,35,940					
				5. PREMISES (At cost less depreciation)	
	(ii) From Government of India				
10,00,00,000	(a) Interest-free loan ..	10,00,00,000			
44,99,00,000	(b) Other loans	70,65,00,000			
	(iii) From other sources ..	—	67,821	6. OTHER FIXED ASSETS (At cost less de- preciation)	1,72,201
	(iv) In foreign cur- rency ..	—			
		84,49,17,260			
				7. OTHER ASSETS	1,81,66,205
	7. CURRENT LIAB- ILITIES AND PRO- VISIONS		1,43,03,818		
1,66,59,607		57,92,361			
	Carried forward	97,13,51,325	69,64,35,251	Carried forward	97,13,51,325
		58—59			

## INDUSTRIAL DEVELOPMENT BANK OF INDIA

BALANCE SHEET AS AT 30th JUNE 1966

GENERAL FUND

Previous Year	LIABILITIES	This Year	Previous Year	EXPENDITURE	This Year
Rs.		Rs.	Rs.		Rs.
69,64,35,251	Brought forward	97,13,51,325	69,64,35,251	Brought forward	97,13,51,125
8. PROFIT AND LOSS ACCOUNT			—	8. PROFIT AND LOSS ACCOUNT	—
Balance of Profit transferred from the account annexed .. ..	1,51,44,029			Balance from last balance sheet	—
92,31,698	Less : Transferred to Reserve Fund	1,25,00,000		Profit/Loss transferred from the account annexed .. ..	—
75,00,000	Less : Balance transferable to Reserve Bank of India in terms of Section 22(2) of the Industrial Development Bank of India Act, 1964 .. ..	26,44,029			—
17,31,698					—
CONTINGENT LIABILITIES					
(i) Claims against the Bank not acknowledged as debts .. ..					
(ii) On account of guarantees issued .. ..	3,76,80,000				
(iii) On account of underwriting commitments .. ..	2,91,22,700				
(iv) On account of uncalled moneys on partly-paid shares, debentures etc. .. ..	2,19,09,655				
(v) Moneys for which the Bank is contingently liable .. ..					
		8,87,15,355			
69,64,35,251		97,13,51,325	69,64,35,251		97,13,51,325

†Including Rs. 12,72,700 in respect of commitments determined before 30th June, 1966.

	Book Value	Market Value
(a) Quoted Investments .. ..	8,99,57,484	8,99,09,873
(b) Unquoted Investments .. ..	11,91,00,767	
	20,90,58,251	

BY ORDER OF THE BOARD

\*Acquired in discharge of underwriting obligations.

As per our report attached.  
S. B. BILLIMORIA & CO.  
Chartered Accountants.S. L. N. SIMHA,  
General Manager.

P. C. BHATTACHARYYA, Chairman

B. K. MADAN, Vice-Chairman

B. N. MOOKERJEE, Director

C. N. VAKIL, Director

Bombay, 20th August, 1966.

Bombay, 19th August, 1966

INDUSTRIAL DEVELOPMENT BANK OF INDIA  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1966

GENERAL FUND

Previous Year	EXPENDITURE	This Year	Previous Year	INCOME (Less provision made during the year for bad and doubtful debts and other necessary and expedient provisions)	This Year
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
1,48,05,519	1. Interest paid on Deposits, Borrowings etc. .. ..	2,37,96,110	1,93,98,061	1. Interest and Discount .. ..	3,56,92,161
10,68,591	2. Establishment expenses .. ..	15,92,312	58,56,937	2. Income from Investments .. ..	37,90,179
20,857	3. Directors' and Executive Committee Members' fees and expenses. .. ..	23,727	1,06,333	3. Commission, Brokerage etc. .. ..	10,28,646
4,000	4. Auditors' fees .. ..	4,000		4. Net profit on sale of investments (not credited to reserves or any particular fund or account) .. ..	

**INDUSTRIAL DEVELOPMENT BANK OF INDIA**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 1966**

GENERAL FUND

Previous Years	EXPENDITURE	This Year	Previous Year	INCOME		This Year
				(Less provision made during the year for bad and doubtful debts and other necessary and expedient provisions)	5	
1	2	3	4	Rs.	Rs.	6
1,54,659	5. Rent, Taxes, Insurance, Lighting etc. .. ..	2,30,902	22,055	5. Other Income@ ..	..	4,45,336
22,925	6. Law Charges .. ..	46,350	—	6. Balance of Loss carried to Balance Sheet .. ..	..	—
3,538	7. Postage, Telegrams & Stamps .. ..	5,752	—	—	—	—
19,939	8. Stationery, Printing, Advertising etc. .. ..	32,885	—	—	—	—
314	9. Depreciation .. ..	13,049	—	—	—	—
—	10. Net loss on sale of investments (not debited to reserves or any particular fund or account) .. ..	—	—	—	—	—
51,346	11. Other Expenditure .. ..	67,206	—	—	—	—
92,31,698	12. Balance of Profit carried to Balance Sheet .. ..	1,51,44,029	—	—	—	—
2,53,83,386		4,09,56,322	2,53,83,386			4,09,56,322

@Including Rs. 3,35,936 received from the Development Assistance Fund towards expenditure on administration and application of the Fund.

## BY ORDER OF THE BOARD

P. C. BHATTACHARYYA, *Chairman.*B. K. MADAN, *Vice-Chairman.*B. N. MOOKERJEE, *Director.*C. N. YAKIL, *Director.*

As per our report attached.

S. B. BILLIMORIA &amp; Co,

Chartered Accountants

S. L. N. SIMHA

*General Manager.*

Bombay, 19th August, 1966.

Bombay, 20th August, 1966

## REPORT OF THE AUDITORS

We have audited the attached Balance Sheet of the Industrial Development Bank of India as at 30th June, 1966, and also the Profit and Loss Account of the Bank for the year ended on that date and report as follows :—

- (1) We have obtained all the information and explanations which we have required for the purposes of our audit and the same have been satisfactory;
- (2) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet is a full and fair Balance Sheet and is properly drawn up containing all the necessary particulars so as to exhibit a true and fair view of the state of affairs of the Bank as at 30th June 1966 and is also properly drawn up in accordance with the requirements of Regulation 14 of the Industrial Development Bank of India Regulations, 1964.

S. B. BILLIMORIA & CO.  
*Chartered Accountants.*

Bombay, 20th August, 1966.

**INDUSTRIAL DEVELOPMENT BANK OF INDIA**  
**BALANCE SHEET AS AT 30th JUNE, 1966**

## DEVELOPMENT ASSISTANCE FUND

Previous Year	LIABILITIES	This Year	Previous Year	ASSETS		This Year					
				1	2	3	4	5	6	7	8
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	1. LOANS				1. CASH & BANK BALANCES						
100,000	(i) From Government .. ..	12,25,00,000			(i) Cash in hand and balances with the Re- serve Bank of India .. ..						
	(ii) From other sources .. ..	—	—	12,25,00,000	859	3,490					
					(ii) Balance with other banks						
					(a) On cur- rent ac- count,						
					(b) On de- posit ac- count						
					—	—					
	2. GIFTS, GRANTS, DONATIONS AND BENEFACtIONS				2. INVESTMENTS*						
	(i) From Government .. ..	—			(i) In securities of Central and State Governments						
	(ii) From other sources .. ..	—		99,141	38,41,029						
					(ii) In stocks, shares, bonds & debentures of industrial concerns .. ..						
					—	—					
					38,41,029						

## INDUSTRIAL DEVELOPMENT BANK OF INDIA

BALANCE SHEET AS AT 30th JUNE 1966

DEVELOPMENT ASSISTANCE FUND

Previous Year	LIABILITIES	This Year	Previous Year	ASSETS	This Year
1	2	3	4	5	6
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>1,315</b>	<b>3. OTHER LIABILITIES AND PROVISIONS</b>		<b>3,35,936</b>	<b>— 3. LOANS AND ADVANCES ..</b>	<b>11,74,00,000</b>
—	<b>4. PROFIT AND LOSS ACCOUNT</b>			<b>802 4. OTHER ASSETS</b>	<b>18,78,647</b>
Balance from last balance sheet (loss) ..	513				
Profit transferred from the account annexed	<b>2,87,743</b>		<b>2,87,230</b>		
CONTINGENT LIABILITIES					
(i) Claims against the Bank not acknowledged as debts ..	—				
(ii) On account of guarantees issued ..	—				
(iii) On account of underwriting commitments	<b>2,55,68,200</b>				
(iv) On account of uncalled moneys on partly-paid shares, debentures, etc.	—				
(v) Money for which the Bank is contingently liable ..	—				
	<b>2,55,68,200</b>				
				<b>5. PROFIT AND LOSS ACCOUNT</b>	
			—	Balance from last balance sheet ..	
			513	Profit/Loss transferred from the account annexed ..	
<b>1,01,315</b>		<b>12,31,23,166</b>	<b>1,01,315</b>		<b>12,31,23,166</b>

\*Market Value Rs. 38,41,555.

## BY ORDER OF THE BOARD

P. C. BHATTACHARYYA, *Chairman*  
 B. K. MADAN, *Vice-Chairman*  
 B. N. MOOKERJEE, *Director*  
 C. N. VAKIL, *Director*

As per our report attached  
 S. B. BILLIMORIA & CO.  
 Chartered Accountants.

S. L. N. SIMHA,  
*General Manager.*

INDUSTRIAL DEVELOPMENT BANK OF INDIA  
 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 1966

DEVELOPMENT ASSISTANCE FUND

Previous Year	EXPENDITURE	This Year	Previous Year	INCOME (Less provision made during the year for bad and doubtful debts and other necessary and expedient provisions)	This Year
1	2	3	4	5	6
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>1,315</b>	<b>1. Interest paid on Borrowings ..</b>	<b>13,56,205</b>	<b>—</b>	<b>1. Interest .. .. ..</b>	<b>19,54,191</b>
—	<b>2. Establishment Expenses ..</b>	<b>3,35,936</b>	<b>802</b>	<b>2. Income from Investments ..</b>	<b>15,556</b>
—	<b>3. Auditors' Fees .. ..</b>	<b>—</b>	<b>—</b>	<b>3. Commission, Brokerage etc. ..</b>	<b>10,137</b>
—	<b>4. Rent, Taxes, Insurance, Lighting etc. .. .. ..</b>	<b>—</b>	<b>—</b>	<b>4. Net Profit on Sale of Investments (not credited to reserves or any particular fund or account) .. ..</b>	<b>—</b>
—	<b>5. Law Charges .. .. ..</b>	<b>—</b>	<b>—</b>	<b>5. Other Income .. .. ..</b>	<b>—</b>
—	<b>6. Postage, Telegrams and Stamps .. ..</b>	<b>—</b>	<b>513</b>	<b>6. Balance of loss carried to Balance Sheet .. .. ..</b>	<b>—</b>
—	<b>7. Stationery, Printing, Advertisement etc. .. .. ..</b>	<b>—</b>			

Previous Year	EXPENDITURE	This Year	Previous Year	INCOME	
				(Less provision made during the year for bad and doubtful debts and other necessary and expedient provisions)	
1	2	3	4	5	6
—	8. Net Loss on Sale of Investments (not debited to reserves or any particular fund or account) .. .. —				
—	9. Other Expenditure .. .. —				
—	10. Balance of Profit carried to Balance Sheet .. .. 2,87,743				
1,315		19,79,864	1,315		19,79,864

₹Representing reimbursement to General Fund towards expenditure on administration and application of the Fund.

BY ORDER OF THE BOARD

As per our report attached.  
S. B. BILLIMORIA & CO.  
Chartered Accountants.  
Bombay, 20th August, 1966.

S. L. N. SIMHA,  
General Manager.  
Bombay, 19th August, 1966.

P. C. BHATTACHARYYA, Chairman  
B. K. MADAN, Vice-Chairman.  
B. N. MOOKERJEE Director.  
C. N. VAKIL, Director.

REPORT OF THE AUDITORS

We have audited the attached Balance Sheet of the Development Assistance Fund of the Industrial Development Bank of India as at 30th June, 1966, and also the Profit and Loss Account of the Fund for the year ended on that date and report as follows:—

- (1) We have obtained all the information and explanations which we have required for the purposes of our audit and the same have been satisfactory;
- (2) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet is a full and fair Balance Sheet and is properly drawn up containing all the necessary particulars so as to exhibit a true and fair view of the State of affairs of the Fund as at 30th June, 1966, and is also properly drawn up in accordance with the requirements of Regulation 14 of the Industrial Development Bank of India Regulations, 1964.

Bombay, 20th August, 1966.

S. B. BILLIMORIA & CO.  
Chartered Accountants.

INDUSTRIAL FINANCE CORPORATION OF INDIA

New Delhi, the 20th September 1966

No. 8/66.—It is hereby notified that in pursuance of Regulation 60 read with Regulation 34 of the General Regulations of the Corporation, only one valid nomination for election of an Auditor under Section 34 of the Industrial Finance Corporation Act, 1948 (15 of 1948) read with Regulation 58 of the General Regulations of the Corporation, has been received in favour of Messrs S. B. BILLIMORIA & CO., CHARTERED ACCOUNTANTS, 113, Mahatma Gandhi Road, Fort, Bombay; and as such they are deemed to be elected as an Auditor of the Corporation at the Eighteenth Annual General Meeting of the shareholders of the Corporation convened for the purpose on Thursday, the 29th September 1966 at 4.00 P.M. in the Constitution Club, Main Hall, Ground Floor, Vithalbhai Patel House, Raft Marg, New Delhi-1.

C. D. KHANNA  
General Manager

THE INSTITUTE OF CHARTERED ACCOUNTANTS  
OF INDIA

(CHARTERED ACCOUNTANTS)

New Delhi, the 21st September 1966

No. 1-CA(9)/2/66.—The following draft of certain amendments to the Chartered Accountants Regulations, 1964, which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (3) of Section 30 of the Chartered Accountants Act, 1949 (Act XXXVIII of 1949), is published for information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken up for consideration on or after the 31st October 1966.

Any objection or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Council of the Institute of Chartered Accountants of India, New Delhi.

In the said Regulations, insert the following new regulation after regulation 48—

“48A. Salary to audit clerks.

A member in practice employing a person for service as an audit clerk on or after the first day of January 1967 shall pay to him a minimum salary of fifty rupees per month in the second year of service, seventy-five rupees

per month in the third year of service and one hundred rupees per month in the fourth and subsequent years of service.”

No. 1-CA(13)/66.—The following draft of certain amendments to the Chartered Accountants Regulations, 1964, which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (3) of Section 30 of the Chartered Accountants Act, 1949 (Act XXXVIII of 1949), is published for information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken up for consideration on or after 31st October 1966.

Any objection or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Council of the Institute of Chartered Accountants of India, New Delhi.

In the said Regulation:—

I. For the existing regulation 29, substitute the following:—

“29. Engagement of articled clerks.

(1) Only associates and fellows who are in practice or who are deemed to be in practice within the meaning of the Explanation to sub-section (2) of Section 2, shall, subject to the provisions of these Regulations, be entitled to train articled clerks as hereinafter provided.

(2) An associate who has been in continuous practice for not less than three years, either before or after the commencement of the Act or partly before and partly after the commencement of the Act, shall be entitled to train one articled clerk.

(3) A member, other than one covered by sub-regulation (2), who is practising in partnership with another member of the Institute entitled to train articled clerk/s or is a partner in a firm of chartered accountants in practice having at least one partner entitled to train articled clerk/s, shall be entitled to train one articled clerk.

(4) A member who is a full-time salaried employee of a chartered accountant in practice entitled to train articled clerk/s or of a firm of chartered accountants in practice having at least one partner entitled to train articled clerk/s shall be entitled to train one articled clerk.

(5) A fellow who has been in continuous practice for not less than 5 years, either before or after the commencement of the Act or partly before and partly after the commencement of the Act, shall be entitled to train two articled clerks.

(6) A fellow who has been in continuous practice for a period of not less than 7 years, either before or after the commencement of the Act, or partly before and partly after the commencement of the Act, shall be entitled to train three articled clerks.

(7) A fellow who has been in continuous practice for a period of not less than 15 years, either before or after the commencement of the Act or partly before and partly after the commencement of the Act, shall be entitled to train four articled clerks.

(8) A member in practice entitled to train one or more articled clerks under any of the sub-regulations (2), (5), (6) and (7), shall be entitled to train as an additional articled clerk, a person who has passed the degree examination of a recognised University securing not less than 60% marks in the aggregate in the said examination:

Provided that if a member is in practice as a sole proprietor and is also a partner in one or more firms of chartered accountants in practice, he shall be entitled to engage such additional clerk only if the ratio of such additional clerks to the number of partners is maintained at one articled clerk for every two partners:

Provided further that if a member in practice is a partner in one or more firms of chartered accountants in practice he shall be entitled to engage such additional articled clerk only if the ratio of such additional clerks to the number of partners is maintained at one articled clerk for every two partners.

*Explanation :* For the purpose of calculating the percentage of marks, the marks secured in subjects in which a student is required by the regulations of the university or the examining body concerned to obtain only pass marks and for which no special credit is given for higher marks, shall be ignored.

(9) A member who ceases to be in practice or gives up salaried employment under a chartered accountant in practice or a firm of such chartered accountants and who, at the time of discontinuance of practice or paid employment, as the case may be, has one or more articled clerk serving under him, shall not be eligible to take any articled clerk if he subsequently sets up practice or takes up salaried employment under a chartered accountant in practice or a firm of such chartered accountants, until such time as the articled clerk or clerks serving under him previously complete the period of articles intended to be served under him, had he not given up this practice or the salaried employment.

(10) A member shall be entitled to engage or train an articled clerk only if he is in practice and such practice, in the opinion of the Council, is his main occupation.

(11) The Council may, subject to such terms and conditions as it may deem fit, relax any of the provisions of this regulation in any particular case."

II. For the existing sub-regulation (1) of regulation 48, substitute the following:

"(1) Only associates and fellows who are in practice shall, subject to the provisions of these Regulations, be entitled to train audit clerks as hereinafter provided.

(2) A member who has been in continuous practice for not less than three years, either before or after the commencement of the Act or partly before and partly after the commencement of the Act, shall be entitled to train two audit clerks.

(3) A member who is a fellow and who has been in continuous practice for not less than fifteen years, either before or after the commencement of the Act or partly before and partly after the commencement of the Act, shall be entitled to train three audit clerks.

(4) The Council may, subject to such terms and conditions as it may deem fit, relax any of the provisions of this regulation in any particular case."

III. In regulation 48, renumber the existing sub-regulations (2), (3), (4), (5), (6) and (7) as (5), (6), (7), (8), (9) and (10) respectively.

IV. In regulation 48, in the re-numbered sub-regulations (7), for the figure, and brackets "(2) and (3)", substitute the figures and brackets "(5) and (6)",

V. In regulation 48, in the renumbered sub-regulations (9) and (10), for the figure and brackets "(5)", substitute the figure and brackets "(8)".

No. 1 CA(11)/66.—The following draft of certain amendments to the Chartered Accountants Regulations, 1964, which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (3) of Section 30 of the Chartered Accountants Act, 1949 (Act XXXVIII of 1949), is published for information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken up for consideration on or after the 31st October 1966.

Any objection or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Council of the Institute of Chartered Accountants of India, New Delhi.

In the said Regulations :—

I. In regulation 33, for the existing heading "Registration of articled clerk as student" substitute the following:—

"Registration of articled clerks as students before the 1st day of January 1967".

II. In clause (a) of sub-regulation (1) of regulation 33, after the words "An articled clerk" and before the words "shall register" add the words "entering into service before the first day of January 1967".

III. In regulation 34, for the existing heading "Execution and registration of articles" substitute the following:

"Registration of articles where service commenced before the 1st day of January 1967".

IV. Add the following new regulation after regulation 34 :—

"34A. Registration of articled clerks on or after the 1st day of January 1967.

(1) It shall be obligatory for every articled clerk entering into service on or after the first day of January 1967 to undergo postal tuition imparted by the Institute. Every articled clerk shall pay the following fees for registration alongwith the appropriate Form :

(i) Registration fee as an articled clerk—	Rs. 40.00
(ii) Tuition fee—	
(a) if paid in lumpsum—	Rs. 375.00
or	
(b) the first instalment—	Rs. 88.75
and	
(c) if the candidate is a non-commerce graduate, a further sum of—	Rs. 20.00

(2) The articles shall be executed in the appropriate Form No. 14 or 15 as the case may be, copies of which should be obtained from the Secretary.

(3) The articles as well as a statement in the appropriate Form No. 16 in duplicate together with the documentary evidence showing that the conditions laid down in regulation 32 are satisfied, shall be sent to the Secretary for registration so as to reach him within fifteen days of the commencement of articles.

(4) If the application for registration is not received within the time specified, the period of service upto a date fifteen days prior to the date of receipt of the application in the office of the Institute shall not be counted for the purpose of these Regulations.

(5) Nothing contained in this regulation shall apply to a clerk who has passed the Government Diploma in Accountancy Examination or an examination recognised as equivalent thereto by the rules for the award of the Government Diploma in Accountancy, or who had entered into articles or audit service before the first day of July 1956.

(6) The Council may, after giving an opportunity to a clerk of being heard, refuse to register his articles."

V. In clause (i) of sub-regulation (5) of regulation 48, after the words "An audit clerk" and before the words "shall register" add the words "entering into service before the first day of January 1967".

VI. In regulation 50, for the heading "Registration of service" substitute the following:

"Registration of audit clerks as students before the 1st day of January 1967".

VII. Add the following new regulation after regulation 50:—

“50A. *Registration of audit clerks on or after the 1st day of January 1967.*”

(1) It shall be obligatory on the part of every audit clerk entering into service on or after the first day of January 1967 to undergo postal tuition imparted by the Institute. Every audit clerk shall pay the following fees for registration alongwith the appropriate Form:

(i) Registration fee as an audit clerk—Rs. 30.00;

(ii) Tuition fee—

(a) if paid in lumpsum	Rs. 375.00
or	
(b) the first instalment, and	Rs. 88.75
(c) if the candidate is a non-commerce graduate, a further sum of	Rs. 20.00

(2) The employer shall send to the Council for registration particulars of the audit clerk in the appropriate Form No. 16 in duplicate so as to reach the Secretary within fifteen days of the commencement of service as an audit clerk.

(3) If the application for registration is not received within the time specified, the period of service upto a date fifteen days prior to the date of receipt of the application in the office of the Institute shall not be counted for the purpose of these Regulations.

(4) Nothing contained in this regulation shall apply to a clerk who has passed the Government Diploma in Accountancy examination or an examination recognised as equivalent thereto by the rules for the award of the Government Diploma in Accountancy, or who had entered into articles or audit service before the first day of July, 1956.

(5) The Council may, after giving an opportunity to a clerk of being heard, refuse to register his audit service.

VIII. In Schedule 'A', for the existing Form "16", substitute the following:—

**“FORM “16”**

*Statement of particulars to be submitted in duplicate for registration as an articled or audit clerk.*

1. Name of clerk in full (in capital letters)
2. Residential Address.
3. \*Date of Birth.
4. Father's name & address.
5. \*\*Educational qualifications with dates of passing the examinations.
6. Name and address of the previous employer(s) and the period of service under him or them either as an articled clerk or as an audit clerk or as both. (Dates of commencement and termination with registration number to be given.)
7. Name and address of employer under whom serving.
8. Date of commencement of articles or audit service.

I declare that the particulars given above are true and correct to the best of my knowledge and belief and I undertake to intimate to the Council within thirty days, any change that may occur in the information furnished above during the period of my training for the purposes of the Chartered Accountants Regulations, 1964.

I undertake to abide by all the Rules of the Coaching Board, as may be in force from time to time during the period I am undergoing tuition. I further agree not to pass on, sell or gift away any study paper or any other material provided to me by the Board.

\*\*\* I undertake to pay the balance of tuition fee to the Coaching Board in instalments as prescribed under the Rules of the Coaching Board.

*Signature*

of the articled or audit clerk

Place :  
Date :

*Countersigned*  
Employer's Membership No.

\* Applicants are required to produce evidence of their age.

\*\*Original diplomas, certificates and/or documents or attested copies thereof, in support of the qualifications claimed must be sent with the application.

\*\*\*Delete if the tuition fee is paid in lumpsum.

**NOTE:—**Articled and audit clerks should not engage themselves in any other occupation or business, or take up any course of study or training whether academic or professional; during their service without obtaining the prior permission of the Secretary.”

**C. BALAKRISHNAN**  
*Secretary*

**THE BAR COUNCIL OF INDIA**

*Amendment of Rules*

The rules of the Council have been amended by the Council at its meeting on the 27th of August, 1966 as set out in the following resolution of the Council:—

**RESOLUTION NO. 75/1966.**

RESOLVED that the rules of the Council be and are hereby amended as follows:—

**I. Add the following after Rule 23 in Part VII.**

*Rules applicable to all proceedings of the Disciplinary Committees of the State Councils and the Council*

24. Rules 25 to 27 shall apply to all proceedings before the Disciplinary Committees of the State Council and the Council.

**25. Proceedings to be in camera**

All the proceedings before the Disciplinary Committees shall be held in camera.

**26. Order awarding costs: Decretal Order.**

(a) All orders where costs are awarded in Disciplinary proceedings, shall specify the amount of costs awarded, and also state the party against whom the order is made, and the time within which the amount is payable.

(b) As soon as possible after the order is made by the Disciplinary Committees, in respect of every order where costs are awarded to any of the parties, a decetal order shall be drawn up as in form H at the end of this Chapter signed by the Secretary of the State Council or the Council as the case may be, as Registrar of the Disciplinary Committee and bearing the seal of the State Council or the Council as the case may be.

(c) The Decetal order aforesaid shall be furnished to any party to the proceeding on application made therefor, and on payment of the charges prescribed under the rules.

**27. Copies of Final Orders**

The Secretary of the State Council or the Council as the case may be, shall send to each of the parties in the proceedings, a certified copy of the final order made under Section 35, 36 or 37, signed by him as Registrar of the Disciplinary Committee and bearing the seal of the State Council/Council as the case may be. No charges shall be payable on the copies so sent. Charges as prescribed under the rules shall however to be payable for all additional copies of the said order applied for.

**FORM—H**

*Form of Decetal Order*

*(Subject to suitable changes when necessary)*

**BEFORE THE DISCIPLINARY COMMITTEE OF  
THE BAR COUNCIL OF.....**

Case No. .... of the

.....Complainant/s

.....Respondent/s

*Decetal Order under Section 43 of the Advocates Act and Rule 26 in Part VII of the Bar Council of India Rules.*

In the matter of..... Advocate.

Complaint under Section..... of the Advocates Act, 1961 against Sri..... advocate (Roll No. .... on the Bar Council of.....) and practising ordinarily at..... and residing at.....

Sri.....Advocate appearing for complainant/complainant appearing in person and not represented by advocate.

Sri.....Advocate for Respondent/not  
represented by advocate.

This matter having come up for hearing before the Disciplinary Committee of the Bar Council of..... and the said Committee has by its order dated..... *inter alia* (set out shortly the gist of the punishment given/or regarding the dismissal of the complainant), and has also ordered that the said.....(complainant/respondent) do also pay to the..... by way of costs as provided for under Section 43 of the Advocates Act, 1961.

Given under the hand and seal of the Bar Council of  
..... this ..... day of .....

**By Order**

*Registrar,*  
Disciplinary Committee  
of the Bar Council of . . . .

Place.....  
Date.....

**(Form to be used)**

(Form to be modified suitably in appeals)

**EMPLOYEES' STATE INSURANCE CORPORATION**  
(Ministry of Labour, Employment and Rehabilitation)

## **CORRIGENDUM**

Madras-14, the 15th September 1966

Please read as "Sri C. Chinnathurai" for the words "Shri C. Chinnaswamy" appearing against St. No. (8) of this Office Notification No. MR/CO-3(25)/63(1) dated 27-12-1965.

By Order

**A. N. BIDANI**  
*Regional Director*

**DEPARTMENT OF POSTS & TELEGRAPHES**

**Office of the Director General of Posts & Telegraphs**

## NOTICE

*New Delhi, the 19th September 1966*

No. 25/4/65-LI.—Postal Life Insurance Policy No. 49043-P dated 4-6-51 for Rs. 10 000/- which was made paid up for Rs. 3959/- with effect from 1-11-63 held by Shri S. K. Pandey having been lost from the departmental custody, notice is hereby given that the payment thereof has been stopped. The Deputy Director, Postal Life Insurance, Calcutta has been authorised to issue a duplicate policy in favour of the insurant. The Public are hereby cautioned against dealing with the original policy.

**S. SRINIVASAN**  
*Director PLI*